

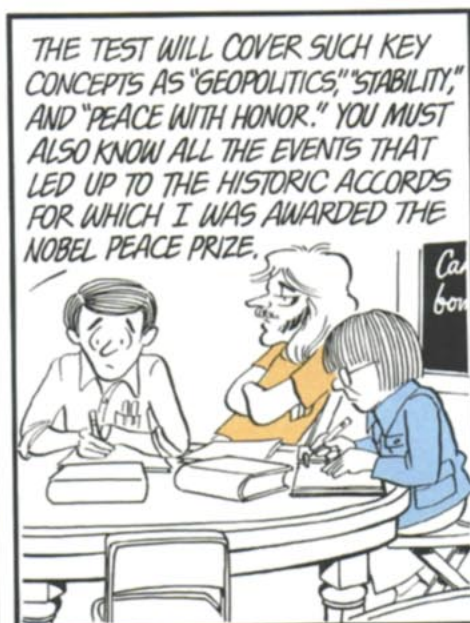
INQUIRY

MAGAZINE

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Hunting
the
Shah's Treasure

NOAM CHOMSKY: Kissinger's Whitewash Years



HELP DESTROY A FAMILY TRADITION.

Although few people talk about it, child abuse is almost as American as apple pie. In many cases it's a family tradition in which helpless parents inflict beatings, neglect, emotional strain or sexual abuse on their helpless children.

Abused children grow up learning abuse as a way of life. When they become parents, they pass that learning on to their children.

It is estimated that there are at least one million cases of child abuse in America each year. Over 2,000 of those children die from abuse.

Most people erroneously believe that child abusers cannot be helped. They can be helped. But, since abused children so often grow up to be abusive parents, the only way to destroy that tradition is to prevent abuse before it occurs. Get more information on how you can help.

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A P R I L 7, 1 9 8 0

Buried Treasure at Chase Manhattan?

CLAUDIA WRIGHT

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Mohammed Riza Pahlevi is being sued for \$56.5 billion, but no one really knows how much loot the deposed shah brought out of Iran—or where it is now. Except maybe David Rockefeller and Henry Kissinger.

The Hauling Cartel

E. SCOTT ROYCE

p. 16

Who needs an agency that regulates the shipment of chocolate-covered raisins but not honey-coated ones? The major trucking firms and the teamsters, that's who. And the ICC is happy to oblige.

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Britain versus Europe. As the UK is belatedly finding out, being in the Common Market isn't just a matter of pounds and pence. (GEOFFREY SAMPSON)

Politics p. 8

Cliff Finch—Mississippi's dubious gift. It's hard to believe, we admit. But no one running for President this year is as bizarre as the former governor of the Magnolia State. (LLOYD GRAY)



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Simon Leys on Chinese landscape painting.

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Diane Jacobs reviews *Cruising*, directed by William Friedkin, and *American Gigolo*, directed by Paul Schrader.

A WORD FROM THE PUBLISHER

OF HENRY KISSINGER, Joseph Heller wrote, in *Good as Gold*: "It was disgraceful that this base figure should be gadding about gaily in chauffeured cars, instead of walking at Spandau with Rudolf Hess." And Anthony Lewis said of him, in the *New York Times*: "His jokes have about them the air of the grave. That we honor a person who has done such things is a comment on us." At INQUIRY, we do not honor a person who has done such things. But we do select, to review Kissinger's memoirs, a writer who possesses in the highest degree both the knowledge and the moral standards to call this man to account. Like us, Noam Chomsky believes that power is not "the great aphrodisiac," but the great enemy. We are happy to offer on our cover an original strip by Garry Trudeau to complement Noam's review.

NR

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Utah State Welfare Department expanded

■ The manager of Utah's legislative printing office has acknowledged that state presses had been used to print religious materials for members of the Mormon Church who worked in the state government.

The manager, Scott Lawrence, confirmed a report that he had approved the printing of a pamphlet called "Performing Priesthood Blessings and Ordinances."

—*New York Times*, Jan. 13, 1980

For want of a nail

■ I am convinced that the Soviets would have discontinued their Angolan adventure, if the U.S. Congress had not made it impossible for us to act. If this had turned out otherwise, there would be no Soviets in Ethiopia and in South Yemen; the whole situation in the Gulf would be different; and one must wonder whether the invasion into Afghanistan would have taken place.

—HENRY KISSINGER, *Die Zeit*, Feb. 15, 1980

Girl gang arrested for soliciting

■ Girl Scout cookie sales may be a national tradition, but that doesn't exempt them from permit requirements in this village of 4,300 [Holly, Michigan]—and a violation could mean 90 days in jail or \$500 fines for the scouts.

Janie Armstrong, head of the 200-member scout troop, said she forgot to ask for a permit although the ordinance appeared in the classified sections of five newspapers that circulate in Oakland County. A permit must be requested 10 to 30 days in advance.

—*Peninsula Times-Tribune*, Feb. 8, 1980

Kopechne girl victim of fire

■ Sen. Edward M. Kennedy's presidential campaign, increasingly concerned over the adverse impact of Chappaquiddick, disclosed Monday that it has spent nearly \$10,000 on experts to challenge studies claiming the senator lied about the island tragedy.

—*Los Angeles Times*, Jan. 15, 1980

Out, out, damned spot

■ President Carter, owner of the best-known set of teeth in the land, is being told that he need not use toothpaste. His dentist, Navy Capt. William H. Maas-tricht, said, "I told him not to use any, unless he wants the taste." Maas-tricht said he also urged Carter to use waxed dental floss regularly, and added: "The next time I saw the President, he hadn't missed a single surface. He had flossed so hard he'd caused abrasions."

—*Los Angeles Times*, Feb. 8, 1980

Police commissioner tests thoroughness of city vice squad

■ The chairman of San Bernardino's Police Commission, an outspoken advocate of programs to crack down on prostitution, has been arrested on charges he solicited a policewoman who was posing as a prostitute.

[Terry] Whitman, who operates a pawnshop, has strongly supported programs to crack down on prostitution and efforts to sentence solicitors as harshly as prostitutes.

—*San Francisco Chronicle*, Feb. 2, 1980



Slopping the hogs at the public trough

■ The creation of a \$20 billion government synthetic-fuels program may in turn be creating another institution—the energy-industrial complex. The terms of the alliance are being set this month, as House-Senate conferees complete work on legislation that seeks to combat the energy crisis by offering federal support for development of synthetic fuels. Corporate lobbyists, meanwhile, have been working overtime to try to make sure the program includes specific provisions that would benefit their companies. "It's a symbiotic relationship, like what you see between defense contractors and the Pentagon," says one oil-company lobbyist who has been watching the legislative dance.

—*Wall Street Journal*, Feb. 25, 1980

New Yorker demands free Central American holiday

■ A United States citizen who was mistakenly deported and imprisoned in Guatemala may still be asked to repay the Government for a \$244 plane ticket home, a State Department official said yesterday.

"I don't know if it will try to collect or what, but the State Department has an obligation to collect money lent to destitute Americans abroad," said Marianne Gustofson, a consular officer with the State Department's Citizen Emergency Center. She added: "I think he will probably refuse."

The citizen, Norberto Gautier, returned home Wednesday. At a news conference in Newark yesterday, he described how he was forced to share a bed with a convicted felon in a Guatemalan prison, unaware of any charges against him, while relatives frantically tried to convince immigration officials that he had lived in the New York metropolitan area since 1954.

Mr. Gautier said he had never set foot in Guatemala until his arrival there on Jan. 31.

—*New York Times*, Feb. 15, 1980

Growing oats on the ski jump

■ The Farmers Home Administration, best known for helping rural families buy small farms and improve their homes, has given more than \$10 million this year in loans, loan guarantees and grants to Lake Placid, N.Y., site of the winter Olympics.

Among the projects covered are a Hilton hotel, a short line railroad into the Olympic compound and new X-ray and therapy wings for treating athletes at Lake Placid-area hospitals.

Lake Placid, in the Adirondack Mountains, "is one of the most rural areas of our state," [Stanley Weston, chief spokesman for the FHA] said. "We consider it a high priority area for our rural development programs."

—*Miami Herald*, Feb. 14, 1980

Investment in our youth

■ Dade school officials last month ordered nearly \$9,000 worth of gold-plated bathroom fixtures they said was for a student plumbing class.

The fixtures include a \$751 sunken bathtub with 24-karat gold-plated grab bars, a bidet with 24-karat gold-plated trim, gold-plated wall mount fittings, a \$360 portable jacuzzi that fits on the side of any tub, and four toilets—some costing \$680 apiece.

—*Miami Herald*, Feb. 6, 1980

Wage-Price Controls

Back to Nixonomics

JIMMY CARTER HAS DISCOVERED THAT it pays to be an “activist” President. Talking and acting tough against the Russians and the ayatollah has almost miraculously boosted his standing in the polls and brought victories in the primaries. But what of inflation, the chronic menace that is now accelerating dramatically? The pressures building on Carter to act just as tough in the “war” against inflation are becoming irresistible. And for the befuddled public, acting tough means only one thing: wage-price controls.

Carter and his economists have been reluctant to turn to this popular nostrum for one cogent reason: They know that controls don’t work. They are not too young to remember the saga of Richard Nixon’s wage-price controls. From August 1971 to the spring of 1974, the Nixon administration tried every possible variety of controls—two freezes, moderate controls, and tight controls—desperately hoping that at least one of these “phases” would work. But none of them did. At the end of this misbegotten adventure, prices were going up *more* rapidly than before. And wage-price “guidelines,” Carter’s own milder venture in controls, have been equally ineffective. They are now more of a grisly joke than anything else.

J. K. Galbraith and other inveterate proponents of controls have a stock explanation for the failure of Nixon’s endeavor. Nixon and his buddies, they charge, didn’t really believe in the controls; their hearts weren’t in them. If only an administration really believed in controls, all would be well.

The only objective proof of genuine belief in controls, we suppose, is how severe one is willing to make penalties for noncompliance. How far are we to go in enforcing wage and price controls? Unfortunately for Galbraith, there have been attempts at controls throughout history; none of them has worked, regardless of the ruler’s enthusiasm or the rigor of the enforcement. Diocletian in the late Roman Empire, Robespierre and his colleagues in the French Revolution, all cheerfully imposed the death penalty for violations of price controls. And Chiang Kai-shek, in the name of stemming hyperinflation in China, had merchants shot in the public square as an example to any who might dare to violate the controls. None of these ventures worked. In each case, inflation bubbled merrily along—in fact was aggravated by the shortages and dislocations created by the controls.

Price controls don’t work for a simple reason. Trying to cure inflation by forcing prices down is like trying to cure a fever by breaking open the thermometer and holding down the mercury column by force. Prices are a symptom; the causes lie deeper.

The price of anything is the amount of money that can be exchanged for a certain amount of goods (twenty-five cents for

a newspaper, or ten dollars for a hat). If the money supply keeps increasing and the amount of goods is unchanged, more money will be exchanged for the same amount of goods, and prices will be driven upward.

That is what happened in the days of Diocletian, during the French Revolution, in Chiang Kai-shek’s China; it is happening in America today. The quantity of money keeps increasing, week after week, month after month, year after year, increasing far faster than the amount of goods available. As it does, prices keep moving upward. In different economies, there are different ways that the amount of money can and does increase. In ancient Rome, the emperor clipped coins and debased the currency; in later centuries the government printed money to pay for deficits and to lend to favored businesses and other borrowers at subsidized rates. Nowadays the money supply is most often expanded by the Federal Reserve System through its acquisition of U.S. Treasury securities from private investors. Every time the Fed buys a treasury security, it pays for it with a check written on itself—in effect, drawing the money out of thin air. The check is deposited in the seller’s bank account and becomes available for lending. Because a bank is required to keep only a small percentage of its deposits in reserve, the money can be lent and re-lent several times, increasing the money supply by many times the amount of the original purchase of securities.

Though the form of monetary inflation changes over the centuries, the essence is always the same: The central government controls the issuance of money and keeps creating more. Why? Because it has *control* of a good thing. As the sole institution empowered to create money, the American federal government issues money to finance its expenditures and to subsidize favored groups. Everyone enjoys getting more money; what they object to is the inevitable consequence when prices go up.

On October 6, Paul Volcker, chairman of the Federal Reserve System’s Board of Governors, made his memorable announcement that, from then on, the Fed would restrict growth in the money supply. So far, however, Volcker “tight money” has been tough talk and little action. Between January and October of 1979, the money supply (M1-B) rose at an annual rate of 8.0 percent. Since October, the money supply has been increasing, as of February 6, 1980, at an annual rate of 7.2 percent. That’s scarcely “tight money.”

There is now growing talk of the Carter administration imposing a system of wage-price controls, not by itself, but as part of a “comprehensive anti-inflation package.” This approach recognizes that a system of wage-price controls won’t work “in the long run” or by itself, but is supposed to provide a “breathing space” for other, as yet unspecified measures to take hold.

But this is precisely the malarkey we heard from the Nixon administration. The wage-price freeze and subsequent controls were also supposed to buy time, as well as convince the public that the administration was serious in its opposition to inflation and that inflation would therefore not continue indefinitely. The “breathing space” idea didn’t work under Nixon, and it won’t work now.

One measure almost certain to be part of the "comprehensive package" is credit controls. Credit controls, it is maintained, will curb the expansion of credit responsible for inflation and will help assure adequate credit for such politically popular fields as housing. Under the Credit Control Act of 1969, the President can exercise complete control over interest, loan requirements, down payments, and practically all other matters relating to credit. But credit control either creates an unwarranted shortage of credit—for example, "usury laws" have dried up mortgage credit in many states—or simply extends bureaucratic control over the allocation of credit. In no case does credit control affect the real cause of inflation: the inflationary expansion of *total* bank credit, which is in turn caused by the Fed's purchases of assets. The problem of inflation is not *where* credit is going, but the fact that too much is being created overall.

There is one policy and one policy alone, in short, which would stop inflation in its tracks and would convince an increasingly skeptical market that the government is seriously interested in combating inflation. And that policy is very simple: for the Federal Reserve to stop inflating the money supply. If the federal government stops inflating, wage-price controls would be transparently unwarranted. If it doesn't stop inflating, then controls will be a cruel hoax as well as a camouflage for the government's real and continuing guilt. ▣

Health, Education & Baseball

Win one for the mayor

IN PAUL MOLLOY'S DROLL 1964 NOVEL *A Pennant for the Kremlin*, an eccentric millionaire dies and leaves his estate—including the Chicago White Sox—to the Soviet Union. The Russians give away everything but the baseball team, which they operate as a collective in an attempt to prove that communist principles are not only more just, but more effective. They fail; after all, it's a work of fiction, not fantasy, and we are discussing the Chicago White Sox, for heaven's sake.

A Pennant for the Kremlin is, sadly, out of print now. But no matter. You need only pick up the sports pages any morning to read a tale at least as weirdly funny as Molloy's novel. The government, preening itself over such successful forays as Medicaid and the Postal Service, is about to demonstrate that it can run a professional sports franchise more successfully than those greedy, ignorant businessmen who do the job now.

The city of Oakland has filed an eminent domain suit to seize the Raiders, a pro football team that now calls Oakland home. The team is threatening to move to greener financial pastures in Los Angeles, and Oakland—still reeling from Gertrude Stein's observation that "there is no there there"—cannot face the prospect of life without pro football.

The lawsuit, filed in Alameda County Superior Court, says Oakland would suffer "a loss of national prestige of being a 'major league city'" if the team left. "There are limited numbers of such franchises, and the destruction of prestige, economic power, and civic pride associated with the loss of such a

franchise is substantial, permanent, and, under present circumstances, irremediable," it continues. (The fact that the Oakland Coliseum still owes its bondholders \$20 million also has a great deal to do with the suit.)

When the suit was filed, Raiders attorney Joseph Alioto scoffed. "They've got to be kidding," Alioto said with a smirk, which disappeared promptly when a judge issued a temporary restraining order blocking the Raiders from moving to Los Angeles. And when Alioto asked a state court of appeals to throw out the restraining order, the appeals court refused. Oakland City Attorney Michael Lawson wasn't surprised at the success of his handiwork. "I give it an excellent chance," Lawson explained, "because I'm an excellent lawyer."

Across the country, in Massachusetts, they've been watching this California madness with considerable interest. The problem in Massachusetts is the Boston Red Sox, a baseball team that has caused its fans much suffering over the years. The damn fool owners just won't trade for any *pitching*, don't you see, and every September the merciless Yankees and Orioles roll into town and run up scores closely resembling the national debt.

Obviously this situation could be tolerated for only so long, and sure enough, the state house of representatives is considering a bill that would set up a Massachusetts Professional Sports Commission to take control of the Red Sox. The bill was introduced at the behest of Cambridge writer Bob Katz, who explains that fans should "own and exercise some control over the management of their teams." Katz sees nothing strange about his proposal: "The taking of private property, like a sports franchise, for public control has precedents in the areas of municipal takeover of power and water systems, as well as in the area of transportation." Amtrak, for instance. And if you think he's joking, remember what the judges did in California. Hearings on the bill were to begin shortly before the first game of the season.

The petulant and ill-tempered will doubtless mumble bitterly about private property, but we prefer to look on the bright side. Government participation in professional athletics opens up bright new vistas, an endless array of possibilities that will certainly attract many new fans. Athletes like Carl Yastrzemski and Ken Stabler, boring in their relentless perfection, will quickly be displaced by armies of ward-heelers and precinct bosses. The local fixer who turns out 100 percent of the graveyard vote will no longer be rewarded with a job in the water department; instead, he'll be playing left field in Fenway Park.

But even more exciting are the prospects of federal intervention. Both Boston and Oakland accept substantial aid from the federal government, in return for which they must abide by the exotic whims of a multitude of federal health and welfare agencies. Presumably these will extend to the Raiders and the Red Sox as well. The first thing the Boston management will have to do is build a ramp at every base to guarantee that handicapped players will have equal access to the facilities. And OSHA will probably want a screen constructed in front of the pitcher's mound to ensure against injuries from hard-hit line drives. Meanwhile, in Oakland, the coaches can file an affirmative action plan with the EEOC to correct the underrepresentation of women among the Raiders' linebacking corps.

Oakland and Massachusetts have shown us the way; there are glorious days ahead. The only losers will be the soreheads who read the sports pages precisely to get away from the day's depressing news of which new federal agency has run amok. A pox on them. ▣

LETTERS

Letters to the editor should be addressed to INQUIRY Magazine, 747 Front St., San Francisco, California 94111. The editors reserve the right to edit letters for length when necessary.

Afghanistan

IN YOUR ANALYSIS OF THE American response to Soviet actions in Afghanistan [Feb. 18, 1980], you chastise the U.S. government for employing the very approach of your editorial: seeking to identify the world situation in terms of an outdated paradigm (the "Cold War"), and postulating a strictly bipolar spectrum of response ("hawk" and enlightened libertarian "dove").

This approach is unwise on two counts. First, it commits the error of neglecting the context within which these events are taking place. During the "Cold War," the United States was in a measurably superior condition of strategic capability compared to the Soviet Union. Today, this is very much not the case. Second, by concentrating on only two ways of assessing the situation, this approach obscures any intelligent analysis with preconceptions that may not be appropriate.

For example, you cite four possible reasons that might comprise the Soviet intent behind the Afghanistan invasion. Out of parsimony, you elect one as the most likely. What goes unconsidered is the fact that all four are synergetic, and could be entertained as a whole for the purposes of Soviet foreign and internal policy.

Another example is your reference to the "breakdown" in Soviet-American relations that has been in progress. I find it interesting to note that, in evidence of this breakdown, you do not include mention of Brezhnev's and Dobrynin's direct lies to President Carter about their country's intent toward Afghanistan. It was the occasion of these lies that caused Carter's shocked reaction and "born-again" attitude toward defense preparations.

As a last example, you gloss over the import of a Soviet presence in Afghanistan. True, this presence does not constitute a direct threat to the United States. But—we know the Soviets operate some

fifteen Sukhoi-17 attack fighters from a base in Shindland, in the western part of Afghanistan. Shindland is about 900 kilometers from the Straits of Hormuz. These SU-17s could easily be replaced with MIG-27s, which have a 960-km combat radius with 1900 kilograms of bombs. Need we remind ourselves of the tremendous commerce in petroleum that navigates the Straits of Hormuz, destined for American ports?

We may decry Carter's untimely urgings toward war preparations. Yet such criticism should not make us blind to the real possibility that the Soviet Union means us no good, and that we are now vulnerable in a way that did not exist during the "Cold War."

MICHAEL J. DUNN
Federal Way, Wash.

Second Amendment Watch

IAM ONE OF THE AUTHORS collected in Don Kates's *Restricting Handguns—The Liberal Skeptics Speak Out*, and read the letter published in the February 4 issue from Sam Fields of the National Coalition To Ban Handguns. Fields seems to think he can best critique the book by smearing the author.

When Fields does turn to content he argues that there is no movement for "firearms prohibition" but only one to restrict handguns. Fields is naive or dishonest. Most of us who own guns and who therefore have an ox to be gored sensed long ago that all the talk about first prohibiting Saturday-night specials and then all handguns is just an opening wedge leading toward the total abolition of gun ownership in the United States. Don't tell me that the Kennedy folks will be content with just pocket pistols!

Fields also parrots the old analysis that the Second Amendment applies only to the collective state right to maintain a militia. Reading the debates on the original Bill of Rights makes it quite clear that the framers were talking about individual ownership of firearms. The militia was to be made up of individually armed citizens called together in emergencies—not the permanent, state-organized and -financed National Guard of today, which has heavy weapons stored away in armories. I do not believe the Supreme Court or any other appel-

late tribunal has ever passed directly on the issue of whether or not citizens can be prohibited from owning personal firearms with militia (read "guerrilla" in today's lexicon) utility.

Fields disgraces liberalism by displaying an arrogant dogmatism that insists upon conformity by all with the revealed truths possessed by Fields and all his antigun friends. That kind of liberalism is really totalitarianism.

MARK K. BENENSON
New York, N.Y.

Mark Benenson, formerly American chairman of Amnesty International, is general counsel to that organization.—EDITORS.

Appreciation

IF BILL BUCKLEY'S NATIONAL Review denounced your magazine as "crypto-leftists" he was being too kind, if not insulting to the left-wing political movement in this country. He probably meant to say malcontents and misfits.

Quit clogging the nation's mail system sending me teasers to subscribe to your magazine.

I don't think the magazine is good enough to be put in public toilets for very base usage, much less be read.

BOB BULLOCK
Austin, Tex.

Bob Bullock is the Comptroller of Public Accounts for the state of Texas.—EDITORS.

The economy of fantasy

IWAS AMUSED BY JOHN O'Sullivan's exasperation at Galbraith's dismissing reality in the belief that his ancient dogmas were alive and well [Feb. 4, 1980]. One wishes somebody could bring the following anecdote to Galbraith's attention. It might make him pause for thought.

According to Leopold Kohr, in his great work *The Breakdown of Nations*, Keynes told a doubting Thomas in the early 1930s that "in twenty-five years, his theories would be accepted by every treasury in the world; but by then they would not only be obsolete but dangerous."

Keynes was a wise old owl; he would be too wise to be a Keynesian today.

FRANCIS J. SNIDER
Cedar Rapids, Iowa



GEOFFREY SAMPSON

Britain versus Europe

FOR MORE THAN A DECADE Britain stood poised on the threshold of the European Economic Community. Much of the political energy of Britons throughout the sixties and early seventies was absorbed in arguments about whether to apply for membership, negotiations on terms of entry (which turned out to be abortive when Britain was blackballed by de Gaulle in 1963), fresh arguments, and fresh negotiations. Britain finally became a member in 1973, which made the new entity the largest single market in the industrialized world. Two years later, the nation tested its collective approval of this major—in constitutional terms—step by the constitutionally equally novel procedure of a national referendum; a two-to-one majority favored continuing EEC membership. The “Great Debate” appeared finally to have been settled; the UK was in Europe for keeps.

During most of the following period the Labour party was in power, and Britain’s relationships with the new partners, not surprisingly, were cool—Labour always had been the anti-Europe party. But Britons and continentals alike expected the cool atmosphere to change when Margaret Thatcher’s Conservatives, long committed to the European idea, won power in May, 1979.

The coolness has indeed changed—to a hard frost. Giscard d’Estaing of France and Helmut Schmidt of West Germany have learned to cringe as Margaret Thatcher lectures them in tones that would be appropriate from a schoolmarm faced with two badly behaved and unusually stupid pupils. On radio

GEOFFREY SAMPSON teaches linguistics at the University of Lancaster, in England, and is the author of Liberty and Language.

programs of the staid and usually uncontroversial British Broadcasting Corporation one begins to hear jokes about the French that might land their utterers in court if made about the Jews or West Indian immigrants. Even Conservative members of Parliament are beginning to float the question of withdrawal from the community. And from attitudes voiced toward Britain one senses that the Europeans’ tolerant exasperation is being replaced by resentful contempt.

What is going on?

The immediate row is about money. Britain is currently paying £1200 million more into the EEC budget annually than returns to Britain in benefits. This adverse balance is the highest of any member state and is rising, despite the fact that the UK is one of the poorest members. Britain is therefore seeking changes in the tax and budgetary rules.

But this immediate problem reflects a much longer standing one, specifically, a misperception by Britons of the nature of the EEC. British complaints about the budgetary situation are commonly countered by the reply that the country is supposed to be part of a community now; that it is as inappropriate for the UK to think obsessively about its fiscal balances as it would be for, say, the county of Devon to compute whether the total taxes paid by its inhabitants into the UK treasury were greater or less than the total of state benefits to Devonians.

One answer might be that Devonians do not do these sums only because the data are hard to assemble. This sort of calculation—whether by an EEC member state, a local region, or indeed by an individual—is the inevitable result of a system of government that spends revenue on things that benefit particular individuals or groups (rather than exclusively on “public goods” such as defense). But most Britons don’t get as far as making this point because it comes as quite a shock to them to hear that one might evaluate EEC membership in any terms other than pounds and pence.

THE ARCHITECTS OF THE EEC planned it as very much more than a “Common Market”; it was to be a new nation, a “United States of Europe” growing in peace out of the ruins of a war-torn continent. Questions of tariffs, taxes, and budgets were means to an end. Admission to the community involved acceptance of a novel legal structure, new kinds and sources of authority, new political processes. These innovations clustered chiefly in the commercial sphere, but

their impact could not be limited to that domain; like commerce itself, the ramifications touched almost every aspect of Europeans’ lives. Since British political and legal traditions differ far more from those of the continental countries in general than do those of the latter from one another, for Britain the change is correspondingly greater.

One of the most shameful things about the decade-long British debate on membership was that these issues were almost never raised; the only question discussed was whether the expected benefits in terms of industrial trade would outweigh the increased cost of groceries. There were a number of reasons for this; one was simply that the British constitution had been an undisputed constant for so long that for many it was psychologically impossible to grasp the notion of radical constitutional change. It still sometimes has to be explained to members of Parliament that the axiom of parliamentary omnipotence is no longer valid, and that some action they wish to take is now beyond their powers.

But Britain’s reluctant Europeanism is not purely a matter of the failure to

**Mountains of
butter and beef
lie useless in
EEC stores, or
are dumped at
a loss abroad.**

look before it leaped. Another factor is that while Britain was arguing about whether to take the plunge, the EEC was growing into a very different sort of animal from what was originally intended.

The instrument that brought the community into being in 1957 was the Treaty of Rome. This is a long and complex document, with vaguenesses and seemingly contradictory clauses that reflect the horse-trading process that produced it. But its overall tendency is one of promoting progress and freedom through the elimination of artificial barriers to trade and through encouragement of competition. These things have happened; but they’ve happened with a twist or two.

Abolition of barriers to trade implies removal of internal tariffs (and therefore, necessarily, adoption of a common

external tariff) — which was done; and the same economic logic that suggests that consumers will be better served by ending internal tariffs that protect inefficient producers in one European country from competitors in another, suggests likewise that the external tariff should be low or zero. Unfortunately, efficient producers within Europe have votes within Europe; efficient producers outside Europe don't. One notably inefficient "industry" in France and West Germany in the 1950s was agriculture, based largely on old-fashioned, labor-intensive smallholdings by large sections of the population with considerable voting power. In the early days of the EEC it was decided that the transition to a smaller, competitive, capital-intensive agricultural sector needed to be "cushioned" by measures aimed at "price stability": high external tariffs on imported food, and guarantees that the community government would buy up European agricultural products whenever gluts threatened to reduce market prices below a set minimum.

After more than twenty years there is no sign of an end to this "transition period." Quite the reverse: Financially speaking, the EEC is now an organization for promoting inefficient agriculture, which carries out a few other activities on the side. Seventy percent of the total community budget (£10,000 million in 1980) is spent on agricultural price support. Vast mountains of butter, beef, and wheat lie useless in EEC cold stores, or are dumped in the outside world at giveaway prices. Millions of apples are made inedible by chemical spraying. Lakes of wine and milk are sopped up by ad hoc regulations requiring manufacturers of animal fodder to use powdered milk, and pickle-makers to use wine vinegar.

Needless to say, the farmers of France and Germany are still inefficient, and still happy. Also happy is the Soviet government, one of the chief purchasers of cheap surplus European food—which must significantly help the Russians to avoid facing the economic consequences of their own system.

It is the British who are squealing about the Common Agricultural Policy—first because British consumers remember buying food at world-market prices only a few years ago, and second because they lack even the consolation of seeing their own countrymen profiting from the policy (the UK's farming sector is relatively small and efficient—agriculture being one of its few major postwar commercial successes). But the consumers in other EEC nations lose as much as

Britons by the fact that a kilo of butter, for instance, costs four times as much in Europe as outside. Nor are European consumers the only losers; the external tariff, together with the practice of dumping EEC surpluses, hurts Third World producers, whose best hope for economic growth often lies in agricultural exports to the industrialized nations. (This "negative foreign aid" aspect of the EEC is embarrassing enough to have led to an arrangement, the Lomé Convention, by which certain underdeveloped nations are allowed privileged access for their products; but, covering only 15 percent of the population of the Third World, in a rather ad hoc way, Lomé seems to be mainly cosmetic.)

THE OTHER MAJOR ODDITY about the way the principles of the Rome Treaty have been put into effect is the system of "harmonization" of production. In Britain, as in the United States, governments have on the whole confined economic intervention to the financial sphere; apart from health, safety, and (recently) conservation regulations, these two nations have done little to interfere with the actual characteristics of what is produced. The notion of competition implies that producers decide for themselves what to produce and try to persuade consumers that it is what they want. But, to the EEC Commission, "competition" means that producers in each country are required to produce goods to the same specifications so that one does not obtain an "unfair" advantage over another.

And so the commission issues a flood of decrees "harmonizing" the specifications of various products. Lawnmowers must be of a certain width. All beer must be made with unfertilized hops. The little sticks wrapped with cotton buds for cleaning the ears must be wooden, not plastic. And many more. After the commission had attempted to outlaw Britain's favorite variety of potato (the King Edward), along with several other items dear to English hearts, a newspaper cartoon that became an instant classic a couple of Decembers ago showed a father telling his son "Christmas is off this year, lad—the Common Market have abolished it."

Cynical readers will suppose that "harmonization" is a device invented by bureaucrats anxious to expand their empires. No doubt there is some truth to this, but not much; the commission is not in fact a particularly large or fast-growing organization as organs of government go (and the cynical explanation

surely reflects the Marxist view that people's social behavior is invariably determined by their material interests). No, harmonization seems to be a consequence of quite sincerely held beliefs about how markets may best be made to function. For the French, after all, harmonization is an old tradition. Louis XIV's finance minister, Colbert, set out to regulate product specifications in much more detail than the EEC commissioners have yet dreamed of doing.

But, whatever its rationale, harmonization is certainly a damaging policy—a hangover from long-outdated mercantilist theories of economics. The chief virtue of competition is not that it is equitable as between different producers, though that is a virtue, but rather that it encourages experimentation with novel products and novel techniques of production, and thus promotes the never-ending task of discovering ways to serve consumers better for less cost. If complete harmonization were enforced throughout the economy, there would be little advantage in leaving the means of production in private hands at all.

The EEC is largely a French creation, which explains much of the problem: Of all the nations of Western Europe, it is probably France that has a political "style" most unlike that of Britain. Repeatedly, tensions in the EEC turn out to be basically conflicts between Britain and France. What is making the British rage at present, for instance, is not the abstract policies of the EEC, but the fact that France is excluding British exports of lamb (which is not yet covered by the price support system) in open defiance of a ruling by the EEC judiciary. (Such rulings are ultimately unenforceable—the community has no army.) Clearly such a situation is infuriating; it will be even worse, however, if France is bribed to obey the law by the adoption of a common European "sheepmeat regime," though this is very likely what will happen.

What of Britain's future in the community? After insisting shrilly for weeks that she would accept nothing less than complete elimination of an adverse financial balance in 1980 (which, if it could be achieved, would go far toward redeeming the Conservatives' so-far hollow election pledges to reduce taxation and government borrowing), the prime minister has finally acknowledged that at most a fractional reduction may grudgingly be conceded. She has told her party that withdrawal is out of the question, so far as she is concerned—not that being inside the tariff wall has done

anything to regenerate British industry, which was the motive for entering, but she fears that withdrawal will ultimately lead to complete industrial collapse. And at the same moment the French are letting it be known that they are thinking of having Britain evicted. It isn't only Thatcher's grasping attitude toward money that is a disgrace in French eyes; the British government's positions on the Iran and Afghanistan crises have also seemed proof of what the French have always regarded as the un-European activity of excessive fraternization with America.

IN THE LONG RUN, BRITAIN probably will not leave the EEC, either voluntarily or otherwise. What it should probably do is to stay in and start defending its principles and interests with the same political skill and sheer bloody-mindedness that the French have always shown. But the story of Britain's relationship with the EEC has been a story of principles forgotten in favor of short-term, pound-and-pence considerations, and that story is not finished yet. At home, Thatcher is one of the most principled, unpragmatic leaders Britain has had in decades: She believes passionately in minimizing state activity in order to allow citizens to construct their own ways of life freely and to allow the pattern of economic activities to be determined by consumers' choices rather than by bureaucratic fiat. In Europe, she seems to leave her principles behind.

Britain's budgetary balance with the community is unfavorable not only because its tax payments are high but because its receipts per head are low; Britain has few of those activities the EEC chooses to subsidize (among which agriculture is only one, though by far the most significant). The balance could be improved either by reducing payments or by persuading the community to subsidize more British activities, and the latter may be easier to achieve. Thatcher and her team talk as if either of these outcomes were equally desirable.

But of course they are not. A reduction of community taxes leaves Britons more money with which to achieve their own diverse goals. An increase in EEC spending in the UK, by contrast, merely means more investment in things that distant bureaucrats guess—perhaps quite mistakenly—to be good for Britons. If Britain takes that route, it risks becoming as hooked on Euro-largesse as it is hooked now on a home-grown Welfare State. □

POLITICS

LLOYD GRAY

Cliff Finch—Mississippi's dubious gift

THE LAST TIME THE PEOPLE of Mississippi got a gander at their former governor Cliff Finch, he was sitting in a heart-shaped bathtub, surrounded by bubbles, a set of rear-view mirrors accenting his unadorned backside. It was his way, he explained, of letting everyone know he had nothing to hide.

When the Associated Press photo, taken at a Finch friend's home in Tucson, ran in most Mississippi newspapers a few days after the governor left office late in January, hardly an eyebrow was raised. The people here have long since come to expect such eccentricities from this interesting man.

In the last year of an administration widely regarded as one of the most inept and corrupt in the history of a state not known for its virtuous political leadership, Finch got bored with being a lame-duck governor, constitutionally barred from succeeding himself. He looked around for something more fun and decided to become a candidate for President, only he wasn't going to tell anybody for a while. So when he struck out from the executive mansion one midnight last summer, in the driver's seat of an eighteen-wheeler bound for Los Angeles, it was under the pretext of dramatizing the plight of the American trucker. When a few of the boys he met at stops along the way—which included a series of carefully planned press conferences—suggested he was the kind of fellow they'd like to see boot Carter's tail out of the White House, Finch would say, shucks, he was just plain folks and even though he could be elected Presi-

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dent anytime he wanted it, he wasn't interested.

But, in the best tradition of would-be Presidents, he was just being coy.

A month or so later he drove an alcohol-powered car to Washington. Then he took a trip to China. Soon he was in Mexico blasting American foreign policy and trying to negotiate a deal to give Mississippi exclusive rights to Mexican oil. After that, it was on to Guatemala, where he proclaimed that it was time for the United States to demonstrate it was "friends of our friends" in Latin America. He made a speech to a group of truckers and put forth his proposal to end the energy crisis "overnight": turn all the foreign oil tankers around and don't accept another drop of imported oil. Harry Truman would have done that, he said, and that's the kind of leadership this country needs.

Mississippians, most of whom were counting the days that they would remain saddled with Finch, picked up the



signals and realized that soon the entire nation was going to get a good look at their boy Cliff.

NO MATTER HOW HARD you try, you won't find anybody in Mississippi today who voted for Cliff Finch when he was elected governor in 1975. The 369,000 people who put him in office have all moved out of the state. And it's just as well. They'd really be feeling sorry for their man; he's been catching a lot of flak.

For example, the new governor was just elected after a campaign in which his principal theme was that Finch had made a mess of state government and was a disgrace to Mississippi. And then there are the feds, who are investigating corruption in Finch's administration and have already secured indictments against two of his closest aides; the leg-

islature, which rarely considered anything Finch said seriously; and the press, which was to blame for everything that went wrong.

At most every country store, factory break room, construction site, or Pentecostal revival meeting in Mississippi nowadays, they chuckle when they talk about ole Cliff. It wasn't always that way.

Finch was the self-styled champion of the "forgotten people" when he was elected four years ago, and despite a very lucrative law practice he succeeded masterfully in selling himself as the working-man's candidate. A bulldozer, which he rode quite often for the television cameras, and a lunchpail, which he toted 'round regularly, became his campaign symbols. He worked at an assortment of blue-collar jobs—hauling pulpwood, sacking groceries, working on a shrimp boat, moving dirt, and the like—in a brilliantly conceived media campaign that captured the attention of the electorate and brought him out of nowhere to win the Democratic nomination over the sitting lieutenant governor. He followed that in the general election by defeating the strongest Republican candidate who had ever mounted a statewide race in Mississippi.

The devotion that Cliff Finch inspired in rural parts of the state was unparalleled in the recent political history of Mississippi; his campaign touched an emotional chord among the echelons of ordinary folk who, for one reason or another, might legitimately feel that somebody had been trying to hold them down all those years. Railing mainly against unnamed villains, Finch resurrected a long dormant "us versus them" politics that mobilized the legions of the poor in the nation's poorest state. His campaign was a throwback to the days of straight-out, cornpone Southern populism, embellished by Finch's gregarious, back-slapping, baby-kissing style, his penchant for spasmodic, often ludicrous behavior, and his absolute inability to string together a series of coherent sentences.

Before his 1975 triumph, the 48-year-old Finch's political career had consisted of one undistinguished term in the state house of representatives during the racially turbulent 1960s, when he voted the straight segregationist line, and a stint as a district attorney for several rural counties in northern Mississippi. He had first run for statewide office in 1971; he was badly beaten in the race for lieutenant governor by a scholarly, well-bred gentleman named William Winter,

whose style and politics were the antithesis of Finch's. The political paths of the two men at opposite ends of the Mississippi political spectrum would cross regularly throughout the decade.

The 1975 campaign began as a contest between Winter and a fellow member of "respectable" Mississippi society thought to be his principal Democratic challenger. Finch crept up from behind, finished second in the first primary balloting, and buried Winter in a runoff. He did it by assembling an extraordinary coalition of working-class and rural whites—including a significant number

though they have some great minds out there, too." For further clarification, he continued, "It's time we started processing the raw materials we grow in Mississippi, such for example I've used is the sweet potato capital of the world in Calhoun County where they raise those sweet potatoes. They've got to ship those potatoes to Kansas City or some other state and then can those sweet potatoes, send them back to consume and other places, of course." Clarity not being one of Finch's strong points, it was only inevitable that he would, as governor, preside over an administration where

Mississippians chuckle now when they talk about ole Cliff. But it wasn't always that way.

of former Ku Klux Klansmen and their sympathizers—and a whopping majority of the state's black voters. Massive numbers of blacks deserted Winter, a racial moderate of long standing, out of an apparently deep feeling of kinship with the earthy, one-time racist Finch.

TO THOSE WHO LOOK down on the type of folk white patrician Southerners and their black servants have always referred to rather unsubtly as "trash," Finch, from the moment of his emergence from obscurity, was recognizable as one of that unpleasant breed. And when the bluebloods started letting their feelings be known, it only fortified Finch's mystique among his growing band of followers.

What Finch had to offer his people beyond an affinity with their collective inferiority complex mattered little; they never bothered to ask. Finch went to great lengths to avoid discussing the issues during his campaign, and rarely allowed himself to be confronted by an inquisitive reporter. His one vague promise to the people of Mississippi was that he would provide them with "more and better paying jobs." He proposed to do this through what he called his Midas Plan.

Just what is this Midas Plan, he was asked during a rare television interview late in the general election campaign. The answer: "It's the plan that I believe we have just as good as minds as they do in New York or Chicago or San Francisco as far as that's concerned, even

the byword would be confusion.

Finch readily acknowledged that he regarded personal loyalty as the greatest asset for any applicant for employment with the state of Mississippi. After taking office in January 1976, he carried the ancient political custom of securing government jobs for friends to new heights of boldness.

The Mississippi governorship is regarded by constitutional scholars as one of the nation's weakest. A governor serves one four-year term in the state and cannot succeed himself. He heads an executive branch that is theoretically equal within the state government, but in reality he is subservient to a powerful state legislature with a reach that extends, through representation on key executive boards and commissions, to the implementation, as well as the passage, of laws. But patronage is one prerogative that no Mississippi legislature has wrestled from a governor, and by the time Finch arrived on the scene that power was mushrooming, thanks to the growing number of federal programs administered on the state level.

The one that most interests the federal investigators who have been poring over Finch administration records for more than a year is the Comprehensive Employment and Training Act program to provide jobs for the chronically unemployed. A Jackson newspaper first reported in 1977 that the 10,000 or so persons hired for CETA jobs during the initial months of Finch's term first had to be recommended by key Finch political supporters around the state. Finch

bristled at the accusations, and beamed when a Labor Department team came in from Atlanta to announce at a press conference that there was "little evidence" the governor's backers had received priority consideration in the jobs program.

That didn't satisfy the FBI, however, which investigated further. Last fall, a former Finch legislative aide and a Finch-appointed state agency director were indicted on charges of lying to the grand jury investigating allegations of Finch administration corruption. More indictments, in connection with both CETA and other unpleasantness that allegedly took place while Finch was governor, are anticipated. Federal authorities have refused to rule out the possibility that the probe will eventually wind up in charges against Finch himself.

THE RECORD OVER THE last four years is full of instances of Finch's interference in the day-to-day operations of state agencies and replete with evidence of his efforts to politicize them. While governor, Finch never seemed to be very interested in government, or in mastering the techniques of governing. Even his efforts to establish his own political fiefdoms throughout state government often backfired. In four years, he threw

his full weight behind only one legislative proposal—a constitutional amendment to allow the governor to succeed himself. When his already strained relationship with the legislature worsened and lawmakers balked at the succession proposal, he called in the faithful from all across the state for a series of weekend meetings where they were whipped into a frenzy against legislative "godfathers."

\$13,336 in debts she had accumulated before the breakup. In a matter of weeks, the two were miraculously reconciled. Zelma, who was a ticket taker at the drive-in in Batesville before she married Cliff, couldn't resist the lure of first ladydom.

While governor, Finch elevated the faux pas to a high art. He interrupted a Gulf Coast concert featuring Ray

Finch denied having taken the antiques. "Me or my family are not thieves," he told the press.

The legislature responded by quickly killing the bills they had let linger.

What little promise there had been at the beginning of the Finch administration was never translated into concrete achievement. Finch's tenure was not without a high point or two—reunification of the racially split state Democratic party, alert gubernatorial handling of a potentially catastrophic savings and loan crisis in 1976, the broad involvement of minorities in state government for the first time—yet they paled in comparison with the mismanagement and outright scandal that permeated those years.

While Finch's impact on the functioning of Mississippi state government has been great, it is the man himself, and the flaky personal qualities that have convinced many of his genuine looniness, which have secured a permanent place in Mississippi lore. There never has been, and probably never will be, another one like the Finchbird.

There was, for example, the time he went on television during the 1975 campaign to "clarify" nonexistent rumors about the mental health of his wife. With steely eyes glaring at the camera, Finch informed all of Mississippi that Zelma had once been "thrown from a horse and drug a hundred yards," and that yes, this had affected her mental stability for a while, but she was all right now and he was proud of her. Seven months after this valiant defense of Mrs. Finch, who had sat by her husband with the children in tow, the governor was confined to a hospital for two weeks and had to squelch rumors (real ones, this time) that he was there because Zelma had shot him. Last year Zelma left Cliff, filed for divorce, and later demanded that he be put in jail unless he paid some

Charles to make the singer an honorary "colonel" on the governor's staff, and referred to him before an audience of 10,000 as "Charles Ray." He once told a group of educators he supported a compulsory school law for the state because "I know that every person in our state are concerned when we have every fourth person in our state that are uneducated." He regularly sent out sympathy cards to relatives of recently deceased persons that included a full-color, autographed picture of him grinning broadly. Habitually late, he often missed appointments and speaking engagements altogether. He was once booed by a group of high-school students when he arrived forty-five minutes late to address them after failing to show up for a scheduled appearance the day before. He blamed the problem on his scheduler and promised the kids he would fire him; for days the poor staffer waited for the axe to fall after reading in the paper that he was a goner, but he never heard from Finch and never lost his job. When the Pearl River flooded last spring and drove 17,000 residents of the capital city of Jackson from their homes, wiping out most of the largely uninsured dwellings that were hit, Finch reacted quickly. He flew seven banner-bosomed Miss USA contestants up from the Mississippi Coast to "cheer up" thousands of victims who had been standing all day in federal relief lines. The governor proceeded to make an elaborate ceremony out of presentation of a \$700 check from the girls to the flood relief fund. He was hooted down by those in line.

The antebellum executive mansion, which Finch had opened to any and all comers when he took office just after a \$2.5 million renovation of the place, was

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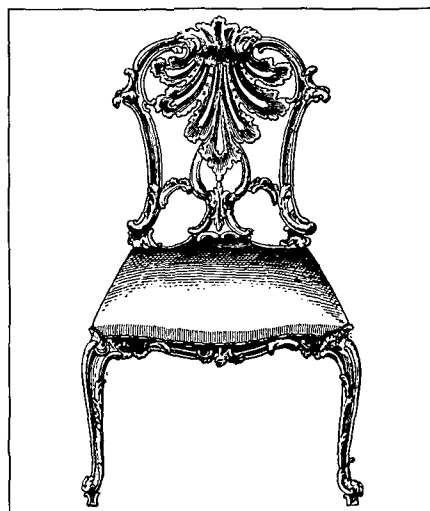
decimated during his tenure. Initials were carved in antique bedboards. Good ole boys, raring back, broke the back legs of 130-year-old chairs. A bottle rocket shot at a New Year's Eve party set fire to some Belgian-made draperies. A month before he left office, the state Department of Archives and History inspected the mansion and found a number of priceless antique furnishings missing. Finch was compelled to hold a press conference to deny having taken them. "Me or my family are not thieves. We have not stole one thing from the people of Mississippi," he said.

IN HIS LAST FEW DAYS IN office, Mississippi was governed, according to one published report quoting gubernatorial aides, "by a wild man hopped up on pills, totally out of touch with reality, issuing incredible edicts and orders like the Mad Hatter." He called a staff meeting to be held in the governor's office some several hours after he turned over that office to his successor. He frantically worked to fill last-minute appointments, calling aides at 3 A.M. to authorize them to appoint anyone they wanted to any available position. He was late to his successor's inauguration, having been occupied with the last-minute commutation of twenty-six convicts' sentences, and wound up barging in just as the governor-to-be was announced. Finch was allotted three minutes on the inaugural program to introduce his successor and took eighteen, using the occasion to issue a fiery defense of his own administration. When a nineteen-gun salute signaled the transfer of gubernatorial power, Mississippi breathed a collective sigh of relief. The blueblood William Winter, resurrected from political oblivion the previous summer to clean up behind his old political foe, was now governor. The state was, for all practical purposes, rid of Cliff Finch. The rest of the nation was on alert.

Cliff Finch's presidential aspirations are being communicated to the rest of the world from a one-time nightclub that was bought by a group of fundamentalist businessmen who turned it into a "Christian restaurant." They ripped out the bar and burned it ceremoniously in the parking lot. The restaurant folded shortly afterward. Every enterprise that has been housed in the structure has failed, but that doesn't discourage the few remaining faithful. "He's really coming on strong," Norman Harris, one of two Finch loyalists manning phones at the headquarters, informed a visitor

recently. That was the day before Finch told reporters in Augusta, Georgia, that he would win the Georgia Democratic primary on March 11.

He didn't, but that old Finch logic will find a way to make a victory out of it. While he was governor, one of Mississippi's U.S. Senate seats opened up and Finch went for it. There were all sorts of ensuing scandals, like charges that the state bank comptroller was calling up bankers around the state demanding \$1000 contributions to the Finch campaign, but all that is another story. Finch lost, and lost big, despite his best efforts to revive the old populist fervor by insisting that James O. Eastland, then retiring, and the "political bosses" were



out to get him. He threw in some pointed jabs at news reporters for good measure: "They're liars by instinct, they're cowards by nature . . . they stink and shine like mackerel in the moonlight," a Finch aide told one campaign rally. And still Finch got socked by a two-to-one margin in the Democratic runoff, which clearly indicated his diminished stature among the voters who had loved him so fervently three years before. Was he humbled? No, he explained, the defeat was actually a "great victory," because it meant people were so happy with the way he was performing as governor that they wanted him to finish out his term. What appeared a debacle to the naive was actually a rousing affirmation of his administration.

For the last half of 1979, Finch played games with the Mississippi press, reveling in all the speculation—started by his own people—that he might go for the big one. After finally officially announcing the week before Christmas that he was a presidential candidate, he came back from New Hampshire two days later and denied having said any such thing.

In New Hampshire, reporters demanded that he produce identification because they had been told by his office back home that he was in southern Mississippi touring hospitals. Finch said he didn't carry anything with his name on it. When he failed to collect enough signatures to get on the New Hampshire primary ballot, he nonetheless said the number of signatures he had gotten in the short period of time he circulated petitions was another one of his magnificent triumphs and meant he would have won the primary "by a landslide" had he gotten on the ballot.

So far, Finch is on the ballot in five states, and hopes to secure a spot in about twenty others. Some of the truckers are working for him; so is the guy who owns the heart-shaped bathtub in Tucson, a retired military man who likes Finch's get-tough foreign policy. ("It's a shame and a disgrace," says Finch, "when our people who are Americans and we allow a country to come in and actually physically capture and put in prison and in many instances have been killed, shot, shot dead on the spot, not in Iran but in a couple of other countries.") Some former Wallace independents in Georgia are helping out. A 12-year-old boy from North Brunswick, New Jersey, is making contacts with U.S. senators for Finch. He has already arranged a telephone conversation between the governor and Senator Bill Bradley (D-N.J.) and has promised national headquarters to "touch base" with John Glenn.

Finch was so eager to get on the ballot in Oregon he offered the vice presidency to Oregon Secretary of State Norma Paulus over the phone. Paulus decides who gets on the primary ballot in her state. She told Finch there was one problem—she was a Republican. "All the better," he said. "I'll get all the Democratic votes and you'll get all the Republicans." (He's in good company; others who have applied for spots on the Oregon ballot include a nudist, a convicted hijacker serving a life sentence, an Indian princess, a robot, a former mental patient now a poet, and a retired insurance agent turned Biblical visionary.)

At last report, Cliff Finch was still without a running mate or a spot on the Oregon ballot. Norma Paulus was rumored holding out for a cabinet post. But the candidate forges ahead. "I really didn't want to run for president," he says, "but I'm being forced to because nobody else has surfaced to answer the cries of the forgotten people in this country." □

BURIED TREASURE AT CHASE MANHATTAN?

IN BOYS' ADVENTURE stories, the hunt for pirate treasure begins with a map fragment, a tavern brawl among old seamen, and a race to be first to dig up the pieces-of-eight. The classic tale is Robert Louis Stevenson's *Treasure Island*, in which various fortune-hunters followed the bizarre trail left by the pirate Captain Flint. Flint murdered the bearers of his treasure after they had buried it, and arranged their corpses as compass markers, with fingers pointing in the direction of the loot.

Imagine then a treasure far beyond the wildest dreams of Captain Flint, its clues buried with more corpses than were ever fed to the sharks of the Spanish Main. Imagine a treasure so vast that it is almost beyond counting. And imagine a race for such a hoard—against a man, who, unlike Flint, is very much alive, the map still in his hands, the booty protected by some of the most powerful men on earth. Far more bizarre, more murderous than any pirate tale told before, this is the story of the treasure of the deposed shah of Iran, Mohammed Riza Pahlavi, and his protectors—David Rockefeller, Henry Kissinger, and the United States Treasury.

On November 28, 1979, in New York Supreme Court in Manhattan, attorneys Paul O'Dwyer and Thomas G. Shack, Jr., filed suit on behalf of the Iranian government. They sought to recover \$56.5 billion alleged to have been stolen—by the shah or his wife or both—from the Iranian treasury. This is the largest single claim ever filed in a court of law against an individual. O'Dwyer says \$56.5 billion is only an estimate, and that it will take months of painstaking investigation—probably years—to substantiate what the shah took, where the money is hidden, and how he managed to manipulate state credit and drain state revenues to enrich himself.

The suit was filed with considerable haste. O'Dwyer's firm had been called

In this twentieth-century pirate story, Captain Flint and Long John Silver have been replaced by Henry Kissinger, David Rockefeller, and the shah of Iran.

Anyone who can piece together the clues could find billions of dollars in booty.

By CLAUDIA WRIGHT

into the case less than a week earlier by Shack, who, with former Senator James Abourezk, had been working with the Iranian authorities since the revolution. They filed in New York in order to take advantage of the shah's hospital stay there that began October 22. According to O'Dwyer, lawyers and process servers were tenaciously kept at bay by the hospital guards and the shah's army of security men. One of O'Dwyer's staff was almost run down by a car and was threatened with a gun, and it took a special court application by O'Dwyer before the hospital authorities and the shah's representatives could be served with legal documents.

The shah's hospital visit was, of course, the incident that provoked the seizure of the U.S. embassy in Tehran on November 4. Seen in the context of the struggle over the shah's treasure, however, the hostage incident takes on a new, largely undiscussed significance.

For months following the Iranian revolution, Abolhassan Bani-Sadr, then finance minister and now president, had attempted to track down the shah's assets and identify the role of the Chase Manhattan Bank, the shah's principal banker, in accumulating the assets and reinvesting them around the world. Early in the summer of 1979, Bani-Sadr ordered the diversion of Iranian govern-

ment funds from Chase to other banks.

In October, the Bank Markazi (Iranian central bank) authorities said they had discovered evidence that, in handling oil receipts for the National Iranian Oil Company (NIOC) during the shah's administration, Chase Manhattan had frequently delayed forwarding the funds from one account to another. NIOC periodically ordered funds transferred from a New York account to an interest-bearing account in the Chase subsidiary in London. By delaying the transfer for months and even years, Chase was able to avoid paying interest on billions of dollars.

Iranian authorities say that by late October or early November, Chase had learned of their intention to press for the payment of the old interest due, and then perhaps to liquidate both the New York and London accounts entirely. Bani-Sadr told the Parisian newspaper *Le Monde* that he intended to pursue an economic offensive against the American banks, including a campaign for recovery of the shah's assets.

Bani-Sadr knew this would take research and time, and the takeover of the U.S. embassy caught him by surprise. French and Arab sources confirm that after this there was a sharp dispute within the Revolutionary Council between Bani-Sadr, who was anxious that the hostage-taking not interfere with his own plans, and other officials, including the oil minister, Ali Akbar Moinefar, and the director of radio and television, Sadegh Ghotbzadeh, who were opposed to economic warfare against the West.

On November 15, an interest installment fell due on a \$500 million loan to Iran from a consortium of American and European banks headed by Chase. The amount due was just over \$4 million. On November 5, the Iranian central bank sent a telex to Chase ordering payment from its London deposit account.

On November 14, the day before the payment should have been credited, Bani-Sadr announced at a press conference in Tehran that he was planning to shift Iranian funds on deposit in Amer-

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ican banks to countries "that will cooperate with our policy and in which we don't have to fear for our deposits." The conference itself was confusing to the journalists present, with the questions and answers moving back and forth in Farsi, English, and French. The *Time* reporter present quoted Bani-Sadr as saying that "our objective is to take these assets outside the reach of the United States." Asked whether he was concerned that the United States might retaliate by blocking the shift of funds, he is quoted as replying that the "greater part" of the deposits was in branches of U.S. banks in Europe, and "so we have no anxiety that the Americans will be able to block this action."

This proved to be a bad miscalculation. Within hours President Carter, declaring "an unusual and extraordinary threat to the national security, foreign policy and economy of the United States," announced a freeze of Iranian government deposits and assets not only in the United States itself, but also, in London and Paris branches of U.S. banks. The freeze in the foreign subsidiaries would subsequently survive legal challenges in both the English and French courts.

On the next day, November 15, Chase—despite the telex message announcing Iran's intention to make its interest payment—declared the country in default on its \$500 million loan. Chase then transferred the assets frozen the day before to "offset" the Iranian liabilities. Other American banks in the consortium followed suit, notwithstanding the fact that under the freeze, the deposits were legally the property of the U.S. government. In West Germany, Morgan Guaranty Trust successfully obtained a court order to attach Iran's stock holdings in Krupp and in Deutsche Babcock as security for its \$40 million share of the \$500 million loan.

In a preemptive strike, the American banks had prevented Bani-Sadr from making good his threat while at the same time successfully maneuvering themselves into a position where the President had defined their interests and the national security as virtually synonymous. The banks were more important than the hostages.

So far this story is reasonably well known. What followed as the weeks of the hostage crisis turned into months was the slow progress in the research on which Bani-Sadr had been counting when he made his November 14 statement. His close associate, Ali Reza Nobari, took over the governorship of

the central bank five days later, and it was he who was primarily responsible for the dossier on the shah's finances on which the New York suit relies.

This has been extremely difficult work requiring arcane accounting skills and experience in international banking not readily available to such men as the shah's successors. Nevertheless, by early December Nobari was able to produce documents indicating transfers of funds by the shah's family from Iranian banks to foreign banks; these represented alleged diversion of loan proceeds borrowed from abroad by Iranian banks or corporations associated with the shah and secured by assets under the shah's control. The documents indicated that the loans often far exceeded the value of the collateral, and that the terms were extremely advantageous to the borrowers. According to the records, as much as \$800 million in unpaid loans had disappeared into Pahlavi's pockets.

The U.S. press has treated these revelations with considerable skepticism. The shah was able to assure ABC television's ever-sympathetic Barbara Walters that reports of his wealth were vastly exaggerated, and that his worth was a mere \$50-to-\$100 million. A *New York Times* report concluded that "a review of public records and interviews with investment bankers and well-placed United States officials indicated that the Shah has no investments in his name in this country of the magnitude asserted by the Iranians."

The key phrase is "no investments in his name." The Iranians admit that the

account to another and one subsidiary to another within the Chase banking system, or between Chase and other American and European banks. Such transfers can be made with a minimum of notification and record-keeping, and only the slimmest of clues as to the identity of the owner. As the money moves swiftly across international borders, no single court has the authority to probe deeply enough into bank records to distinguish genuine owners from agents and intermediaries, let alone trace the funds far enough to prove that they had been illegally obtained in the first place.

SO, IF THE SHAH HAD been diverting billions of dollars in oil revenues from NIOC each year, there are very few individuals in a position to know for sure. David Rockefeller and several associates at Chase Manhattan are among them. They would also be able to tell, probably better than the shah himself, where the funds were invested, and where they are now. So would Henry Kissinger.

In 1974, Kissinger, together with William Simon, then secretary of the treasury, conducted secret negotiations with the shah of Iran and leading members of the Saudi royal family. The talks were convened to discuss the future of oil prices and investments against a background of the early OPEC efforts to force oil prices upward.

For years there has been speculation about the terms of the agreements struck at the time by the United States and the

Chase Manhattan ignored a telex announcing the Iranian government's intention to make an interest payment on a \$500 million loan, and declared the government in default.

shah almost never made investments abroad under his own name. Their search—hampered, according to Paul O'Dwyer, by the unwillingness of American lawyers to accept the Iranians as clients—has turned up partial evidence of billions of dollars in missing or unaccounted-for oil receipts, probably the principal source of the shah's treasure if the Iranian authorities are correct in their guesswork. Added to that is partial evidence of questionable commissions, misappropriated loans, and the diversion of cash from other enterprises, which total millions of dollars.

It is a relatively simple matter for this money to have been moved from one

shah and the Saudis. In July 1979, under detailed questioning by a House subcommittee chaired by Representative Benjamin Rosenthal (D-N.Y.), U.S. Treasury officials admitted that informal arrangements could have been made that go back to 1974, according to which the shah and King Khaled would invest their growing oil revenue surpluses in long-term U.S. government securities on condition that their identity and the volume of their investments never be disclosed. More formal agreements were reached on recycling the oil revenues in other ways. Arms purchases, food and technology imports, and an enormous variety of industrial invest-

ments were to be exchanged for U.S. purchases of oil.

The *International Currency Review*, a British journal that closely monitors Saudi financial activity, reported in 1977 that in the last months of the Ford administration Kissinger and the U.S. Treasury had succeeded in drawing up a secret pact with the Saudis which provided that half the kingdom's annual balance of payments surpluses and more than 80 percent of its cash balances would be placed in long-term American investments. For the most part, these were to be two-year treasury notes bearing 7.5 percent interest. The Americans pledged to facilitate arms supplies and other security assistance, and the Saudis offered to guarantee high levels of oil production and to hold down OPEC price increases as far as they could.

BY THIS MEANS, THE United States had shrewdly sought to ensure that whatever the rise in Middle East oil prices, its own treasury would be a direct beneficiary. It became the banker of the OPEC oil surpluses, and by offering pledges of confidentiality, it could offer terms that were more attractive, financially as well as politically, than the traditional havens in Switzerland. Under the confidentiality rules introduced in 1974, the U.S. Treasury turned a blind eye to the identity of sources of oil revenues invested in its notes. This meant that no one could learn either the country of origin or the name of an individual who purchased these notes. If the shah or the members of the Saudi royal household invested their own funds, then these would be as

arrangement with the shah was also confirmed at that time.

If, as current treasury officials have testified, no formal agreement was ever put to paper and signed, only two Americans—Kissinger and Simon—would know exactly what the original details were. Of the two, Kissinger would probably have been the better informed about the shah's decisions to buy treasury securities because he knew both the ruler and his banker, Rockefeller, particularly well. If anything, the relationship among the three grew closer after Kissinger left office, when he joined the bank as a consultant and continued to maintain close personal contact with the shah even after he left Iran in February of 1979. For a time he played real estate agent, telling the press in 1978 that he had found the shah an estate in the Houston area. And later—"The education of the Shah's children in America," he wrote in a *Washington Post* article in 1979, "was the principal issue. We did our best to find appropriate schooling."

What Kissinger didn't say is that, according to Iranian embassy sources in Washington, he was paid by the shah to play schoolmaster himself—"tutorial lessons" for Crown Prince Riza, at a fee of \$10,000 per session. The arrangements and payoffs could easily have been made through Chase Manhattan while the prince was in pilot training at an air force base near Lubbock, Texas. There are no details of how many tutorials there were or how much cash this arrangement meant for Kissinger.

Evidence produced by the Iranian embassy in Washington also suggests that Kissinger may have been providing the shah with advice on regaining his

he could devise a scheme for destabilizing the revolutionary regime and restoring the shah from the sidelines, while his successor at the White House, Zbigniew Brzezinski, fidgeted haplessly in his office or shook hands with Iranian officials who couldn't survive in their jobs.

At this point the pirate story grows particularly murky, and several questions about Kissinger's involvement in the events of last November go begging for reliable answers. The first is, why did Kissinger exercise himself on the shah's behalf? In off-the-record comments to the press, White House and State Department officials castigated Kissinger for his role without making clear what that had been. George Ball, former undersecretary of state who had chaired the White House task force on Iran late in 1978, labeled Kissinger at that time "enormously obnoxious."

The stated reason for this was that Kissinger had been pressing the administration to admit the shah to residence in the United States. Asked about this at a November 28 press conference, President Carter acknowledged Kissinger's role as an advocate but denied that he influenced the final decision. (This was the occasion when the President had such obvious trouble sorting out who his secretary of state was that in four mentions of Kissinger's name, three were blurted out as Secretary Kissinger.)

The second question is related to the first: What exactly did Kissinger do that on the one hand antagonized Ball—and apparently Vance and the White House—yet on the other hand persuaded them to go along with admitting the shah? Documents released by the students at the embassy in Tehran confirm that the middle-level diplomats and senior regional officials in the State Department were unanimous in their opposition to allowing the shah to enter the country. They hoped to come to terms with the Bazargan government, and in any case thought that the embassy could not repel an invasion of demonstrators like the one that had occurred in February.

No one, certainly not George Ball, believes that the shah was so seriously ill in October that he could not have been adequately treated in Mexico, and Barbara Walters's claim about the shortage of CAT scanners in Mexico is hollow.

As we have seen, the communications between the Iranian bank authorities and Chase Manhattan about the \$4 million interest payment and about the already low level of Iranian deposits with Chase in New York contradict the administration's claim that the Novem-

What a triumph for Kissinger if he could devise a scheme for destabilizing the revolutionary regime and restoring the shah from the sidelines, while Brzezinski fidgeted.

securely concealed as the investments made by their banks and monetary agencies. And if funds were illegally diverted from official sources into private purchases of treasury notes, then no questions would be asked, and the investment protected by the U.S. government itself. In short, the U.S. Treasury became the largest money laundry in the world. In the Saudi case, according to the *International Currency Review*, the deal was reconfirmed by Carter's administration not long after the inauguration in 1977. It is a safe assumption that the

throne while also playing the role of intermediary between the shah and the Carter administration in furthering several of the shah's schemes. Embassy officials have produced documents showing that Pahlavi funds transmitted from New York on July 16, 1979, helped to finance the Kurdish rebellion against the revolutionary government as well as to sustain Shahpur Bakhtiar. The last of the shah's prime ministers, he had gathered a group of exiles in France and Germany.

What a great triumph for Kissinger if

ber 14 freeze was necessary to avert an economic catastrophe. Admissions by officials of the Federal Reserve Bank of New York also suggest that planning for the freeze had been going on for days, perhaps weeks, before Bani-Sadr's reported threat to pull Iranian funds out of U.S. banks.

Either the administration was deceived by Chase into reacting to a more serious crisis than was actually likely, or else the possibility of an economic crisis was real but the source was not in Tehran as was publicly alleged. Perhaps our pirate story has a surprise ending.

KISSINGER HAS WRITTEN that in 1978, when he first sought to mobilize support for the shah's admission to the United States, David Rockefeller was reluctant to get involved in any "enterprise that might jeopardize the Chase Manhattan's financial relationships with Iranian governmental or quasi-governmental organs." By the middle of 1979, however, Rockefeller knew that the special relationship Chase had had with Iran was coming rapidly to an end. Taken by itself, the loss of the government's deposits might not have been too difficult to bear. But by November, Rockefeller would have been seriously concerned about Bani-Sadr's attempt to investigate Chase's role in whatever theft the shah would be accused of.

Kissinger wrote in the *Post* that "Rockefeller called the President on November 15 to ask once again for the designation of an individual who could accurately convey the government's recommendations to the Shah's entourage"—presumably so Rockefeller and Kissinger would have an easy target to lobby. That was the day Chase declared Iran in default, and it is likely that there was much more to the conversation with the White House than that. Had Kissinger and Rockefeller gulled the administration into thinking that a major default was impending and that only an administration freeze could protect the American banks from enormous losses?

If the administration had been tricked, Brzezinski might have been furious enough to tell the *Boston Globe* that Kissinger was "a devious and dishonorable man." But why did Secretary of State Vance go out of his way to meet Kissinger the day afterward to calm him down and undermine the White House criticism? What did Kissinger know or threaten that produced this turnaround?

To answer that question, go back to

the shah's arrival in New York on October 22. The administration was well aware that the Iranian foreign minister, Ibrahim Yazdi, had vehemently objected to the possibility of the shah's residence in the United States in talks

market would mean that the budget deficit would have to be financed at rising interest rates.

In mid-1979 a report from the General Accounting Office said "that the sale of U.S. securities for the specific purpose

The shah wanted in to the United States; his henchmen, Kissinger and Rockefeller, wanted to block any retaliatory action for the bank's years of theft of Iranian funds.

with Vance early in October. Rumors of the shah's imminent death from lymphatic cancer were clearly programmed deception, intended for American public consumption and disbelieved in both Washington and Tehran.

Why then did the administration agree to the shah's demand? The surprise answer could be that the shah—not, as we were later told, the Iranian government—threatened to pull his investments out of the United States.

The U.S. Treasury knew it was entirely possible that since 1974 the shah had accumulated an enormous and secret stock of government securities, but because of Treasury's own rules about secrecy there was no way to tell. It knew also that he had the option of "rolling over" these securities (repurchasing them as they reached their maturity) or alternatively, demanding cash and withdrawing his investments altogether. It was widely believed within the administration that a Saudi decision to pull out of treasury notes between November 1977 and August 1978—estimated to be a movement of approximately \$11.7 billion—had produced the serious run on the dollar of late 1978. Without knowing with certainty the value of the shah's portfolio, U.S. Treasury officials could have feared that it was at least the size of that of the Saudis, and possibly, even larger.

The two Americans who were in a position to make the shah's threat credible to the administration were, of course, Rockefeller and Kissinger. The President might have initially thought that the shah was bluffing, but he may also have discovered that there was no way his monetary and investment experts could pin down the extent of the shah's holdings. One side of his risk was therefore unknowable. The other was all too painfully clear: Even rumors of shifts of \$1 billion to \$2 billion were enough, in the volatile foreign-exchange markets, to aggravate the dollar's decline. A significant withdrawal from the treasury-note

of disrupting markets would not be a financial problem, but would constitute 'economic warfare.' In this case, the President might wish to invoke his powers to freeze assets under the International Emergency Economic Powers Act." This was indeed what the President did on November 14, but not because the Iranian government either threatened or was in a position to threaten to sell government securities.

Is there a way to explain both the admission of the shah to the United States and White House favoritism toward Chase? The most credible reason for administration actions—for which not a single publicly offered justification could possibly be true—has to do with a favor only the shah could have conferred, and a threat only the shah could have made. The favor was concealed in the massive purchases of treasury notes late in 1978. The threat was simple—he would pull his money out.

The shah wanted in to the United States; his longtime henchmen, Rockefeller and Kissinger, wanted to choke off any retaliatory action for the bank's stealthy theft of Iranian funds. The Carter administration may have felt that the only way to placate the shah and his high-powered supporters was to impose the freeze. Perhaps they even believed they were saving the American economy from a fate far worse than some disruption to the embassy at Tehran. On that they may have miscalculated. In the long run the President's freeze may promote nervousness among other Middle Eastern investors whose withdrawals might be as costly as the shah's.

But this can't be the end of the pirate tale. All we have done is to have guessed where the treasure is hidden, and U.S. Treasury officials, when shown the map, will say only that it is "hypothetical," "fantastic," "possible." Unless the shah makes a personal confession, there is no way that the truth can be proved. And our present-day Captain Flint isn't talking. □

The Hauling Cartel

By E. SCOTT ROYCE



AFTER A STRUGGLE THAT TOOK MORE than a decade and cost a St. Louis mover and his backers more than \$200,000, on February 5 the Interstate Commerce Commission (ICC) approved the request of Allstates Transworld Van Lines, Inc., for a nationwide operating license. The ICC action was unique in two respects: The owner of Allstates, Timothy Person, became the first black in the household goods moving industry to obtain such a national permit, and his was the first nationwide license granted by the commission in recent memory.

The ICC, which oversees the American trucking industry, is empowered not only to determine whether a company may operate across state lines, but all the details of how it may do so. The commission determines what commodities a carrier can and cannot transport, what areas it is entitled to serve, even the specific routes its trucks may travel. In addition, the commission is authorized to review the rates each regulated firm charges to ensure that they meet the ICC's standard of reasonableness. The resulting regulatory scheme, as Representative Millicent Fenwick (R-N.J.) notes, "frustrates innovation, impedes competition and impairs the efficiency and health of the motor carrier industry." Needless to say, it also results in higher costs for many shippers and consumers.

By 1979, the director of the Council on Wage and Price Stability estimated that the federal trucking regulatory system costs consumers about five billion dollars per year in higher

product and service costs. Some other estimates run substantially higher. "If there is any other industry with a greater potential for competition, I don't know of it," says Alfred Kahn, who as head of the Civil Aeronautics Board promoted airline deregulation. Unfortunately, the ICC's entry restrictions tend to discriminate against enterprising Americans—particularly minorities and small business people. The Person case with its happy ending is not typical. More common is the case of John Dotson, a minority trucker who was named Small Businessman of the Year in Georgia in 1977. Discussing Dotson's case during last year's Senate Commerce Committee hearings, Senator Edward Kennedy noted that the Georgian "has tried unsuccessfully to get ICC operating authority outside of Georgia for so long that he now calls the regulatory system 'a dead-end street.'" The Minority Trucking Transportation Development Corporation, which describes itself as "the national representative of minorities in the transportation industry," strongly advocates deregulation legislation.

Its restraints on entry into the market are among the most anticompetitive features of the ICC regulatory system. In order to obtain an operating certificate, a prospective carrier must prove that its service will meet the statutory standard of "public convenience and necessity." Companies that already possess operating authority may and frequently do contest applications of prospective competitors. Traditionally, the ICC has blocked new entry requests if existing carriers could provide the service themselves or if added competition might cut into their profits.

Not surprisingly, Timothy Person's initial request to the

Interstate Commerce Commission rules keep newcomers out of the trucking business, guarantee bad service, and gouge consumers. But new reform legislation fails to tackle the problem.



ICC for permission to operate an interstate moving firm met with that kind of opposition from the industry's handful of entrenched national carriers. They argued that Allstates lacked the organization to handle such a business and that authorization of a new nationwide company might have a negative impact on the market. Such arguments prevailed in 1969, when the commission denied Person's application for temporary nationwide authority. But during the mid-1970s the ICC began to exercise its regulatory prerogatives less vigorously, and Person finally prevailed. Even so, to win took several years of hearings, outside financial assistance, and the services of an expert attorney.

An administrative law judge initially concluded that Allstates should be granted authority to operate only in eighteen states and the District of Columbia. Although his money was low, Person decided to fight. Ultimately the commission concluded that Allstates was competent to handle a larger area and that Person had established a need for a new carrier's services, particularly in inner city areas. Its decision, which is still subject to appeal, was to allow Person to move goods within all of the forty-eight contiguous states except New Hampshire and Vermont, excluded for technical reasons.

The alternative to the application process is to purchase or rent a certificate from an existing company. Operating rights issued by the government at no direct cost now sell for amounts that range into the millions of dollars. Other companies, to operate interstate, pay hefty portions of their revenues to firms willing to broker their operating authority.

Even a cursory review of ICC restrictions on carrier opera-

tions provides evidence of the confusing and inefficient nature of another aspect of the present regulatory system, the question of what commodities are regulated. Beyond the major exemptions from control—livestock, fish, unprocessed agricultural products, and newspapers—illogic often prevails. Raisins are exempt if coated with honey, cinnamon, or sugar, but not if covered with chocolate. Frozen dinners are exempt so long as they do not contain seafood or chicken. Crab shells are exempt; oyster shells are not. And, as Representative Fenwick testified before a Senate committee hearing last year, the commission has thirty-six categories of exempt and nonexempt products listed under "Milk and Cream." Concentrated, powdered, and skim milk are exempt, but condensed and evaporated milk are subject to regulation. Buttermilk is exempt, except when it contains condensed cream.

Further complicating the matter is the ICC's traditional policy of strictly limiting the list of commodities a carrier may transport. As President Carter noted in his message to Congress on trucking deregulation: "One recent certificate permits a carrier to haul bananas. The carrier may also haul pineapples, but only if mixed with loads of bananas." Carriers authorized to ship "foodstuffs" may handle wine but not beer. Beer is categorized by the ICC as a "malt beverage"; qualifying to transport it requires a separate certificate.

Companies can escape from this madness, but only somewhat. Firms may establish private fleets of trucks to transport their own goods, and some, like Safeway and Montgomery Ward, have done so. However, their trucks are forbidden to ship the goods of more than one corporate subsidiary or to

handle noncompany commodities, all of which results in lots of empty backhauls. This problem is faced by many regulated carriers as well, since ICC certificates spell out whether vehicles may carry a return load. As recently as 1975, only half the operating certificates awarded authorized backhauls. Such restrictions not only waste precious fuel but raise transportation costs. So do ICC route restrictions, which force some truckers to drive literally hundreds of miles beyond the fastest or most direct delivery route or prohibit intermediate stops.

Then there is the matter of rates. At present, shipping rates are set by regional "rate bureaus" of truckers. The rate bureaus establish what they consider appropriate charges, supposedly based upon average costs of large numbers of carriers. Technically, individual carriers are free to set their own rates—but figures below the rate bureau level are generally protested by the rate bureau or individual carriers before the ICC. And, as Senator Kennedy pointed out, "most of the rates that are suspended or rejected by the Commission turn out to be rates that are too low. Price-cutting is not encouraged in the motor carrier industry." The current system also in effect bars special rates for night or weekend hauls, or for expedited service.

THE ICC, OUR NATION'S OLDEST regulatory agency, was established in 1887 with the proclaimed purpose of prohibiting discriminatory pricing and rate wars between the railroads. Not until passage of the Motor Carrier Act of 1935 did its authority expand to include the trucking industry as well. Senator Burton Wheeler, a Montana Democrat, introduced the bill "at the request of the ICC." Impetus for regulation also came from the railroads, which faced increasingly effective competition from truckers, and from some established trucking firms that resented competition from individuals seeking an alternative to the unemployment of the Depression.

Pressure for congressional action did not come from the shippers. As one congressional foe of the legislation noted, the House hearing record contained no "complaints against the



*ICC route restrictions
force some truckers to drive
literally hundreds of miles
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direct delivery route.*

services rendered by trucks in transporting goods and merchandise on the highways." One agricultural group accused proponents of the legislation of seeking "to make possible . . . increased profits for large common carrier truck operators and railroads at the expense of every shipper and consumer in America." Despite such prescient criticism, the Motor Carrier Act passed both houses of Congress without even a roll-call vote.

Experience indicates that rather than raising rates, deregulation will tend to lower them. For instance, in the mid-

1950s, frozen dressed poultry and frozen fruits and vegetables were exempted from ICC regulation. As a result, shipping rates showed a 19 to 33 percent drop. A study by W. Bruce Allen of the University of Pennsylvania's Wharton Transportation Program shows that New Jersey shippers pay 9 to 15 percent less to unregulated intrastate carriers than they would to regulated truckers for the same service. And a study by Professor Denis Breen of the University of Washington, on intrastate household moving rates, suggests that unregulated rates in Maryland are significantly less than comparable ICC-regulated ones.

In his 1976 study for the American Enterprise Institute, *Trucking Regulation: Lessons from Europe*, Thomas Gale Moore of the Hoover Institution observes: "Regulation appears to have the same general impact wherever it is imposed. Where there is strict regulation, such as in West Germany and the United States, rates are higher—about 40 to 50 percent in both cases—than the rates charged in nonregulated sectors or in nonregulated economies."

The major opponents of meaningful deregulation are the American Trucking Association (ATA) and the International Brotherhood of Teamsters. Both use apocalyptic rhetoric that places a strong emphasis on "stability" in the industry and all but brands opponents as un-American. For instance, ATA president Bennett C. Whitlock, Jr., has stated that the "order provided by regulation fortunately aids the industry and the public. . . . The trucking industry today is in danger of being overturned by those seeking deregulation." The teamsters union, which claims to represent some 600,000 persons engaged in motor carrier and related industries, agrees that "the status quo, a regulated industry, must be maintained." Deregulation, it contends, "would destroy most of the companies from which our members and their families derive their livelihoods." Besides, as Whitlock says of the present system, "if it works, why fix it?" The problem, of course, is that while the system "works" for special interests like the ATA and the teamsters, it penalizes most shippers and consumers.

Opponents of deregulation claim that it would mean a decrease or loss of service to small towns. This argument may well be based on a false premise. As Moore and others note, the current regulatory system—by restricting routes and intermediate stops, for instance—may actually hurt small towns more than it assists them. Although most agricultural merchandise is exempt from ICC regulation, few rural areas lack fresh fruits and vegetables. And a report prepared in 1978 for the Senate Commerce Committee indicated that, based on a survey of some 165 communities, lower rates and a variety of price and service options would be available to large and small communities alike under deregulation. In addition, the report noted, most carriers now serving such areas would be inclined to continue to do so.

The arguments of trucking deregulation foes often sound remarkably similar to those advanced during 1977–78 by foes of airline deregulation. Yet one year after airline deregulation went into effect, a *New York Times* assessment noted that "many fares are cheaper, traffic has been up hugely, and some record profits have been made." It quoted Senator Howard Cannon (D-Nev.), who chairs the Commerce Committee, as saying "there has yet to be an airline executive who has come to me to say that he would like to be regulated again."

Another argument against deregulation is that highway safety would suffer. The teamsters' safety and health director, R. V. Durham, contends that if "any amateur or misfit who can scrounge up a down-payment to buy an old semi is allowed on the road, our highways may come to resemble

demolition derbies.” Mike Parkhurst, president of the pro-deregulation Independent Truckers Association, replies: “Not so. The Bureau of Motor Carrier Safety, an arm of the Department of Transportation, says that there is virtually no difference in the safety records of regulated and non-regulated carriers. They are both good.”

As one might expect, there is a tremendous national demand for trucking service that cannot adequately be met



Regulation has caused a dramatic increase in the number of ‘gypsy’ truckers, who offer customers lower rates or better service.

under the current regulatory scheme. The result has been a dramatic increase in the number of “gypsy” or illegal trucking operations that offer customers lower rates or better service or both. ATA president Whitlock complained at the 1979 Senate Commerce Committee hearings that “There are literally thousands of unregulated truck operators looking for any opportunity to secure regulated cargo of any nature and description.” One estimate places the business the “gypsies” divert from regulated carriers as high as one billion dollars annually. Since agricultural co-ops hauling farm products are exempt from regulation, many “illegals” operate under that guise. This flourishing “gypsy” truck industry, regulation critics contend, is just one more piece of evidence that a regulated system fails to meet market demands.

Most shippers opposed the imposition of regulatory controls in 1935, and many are among the leading advocates of ICC reform today. A recent survey of the National Association of Furniture Manufacturers, for instance, found 89 percent of the members favoring deregulation, and only 6 percent opposed. NAFM executive vice president Frederick Williford explained that “Trucking reform could have a dramatic, competitive impact upon our entire industry. . . .” The American Farm Bureau Federation asserts that at least extended exemptions are necessary, for such items as farm machinery and parts, processed fertilizers, and chemicals. The National Industrial Traffic League endorses “relaxed entry provisions” and liberalized “intercorporate hauling regulations.”

MOUNTING CRITICISM OF THE ICC’S regulatory policies led President Ford to submit a Motor Carrier Reform Act to Congress in November 1975. It provided greater freedom for price adjustment and eased entry regulations. However, under heavy fire from ATA and the teamsters (who blasted it as “the most destructive legislative proposal in the last 40 years”), it got nowhere in the Congress. During his 1976 campaign, Jimmy Carter managed to take a position both for and against reform; when he reached the White House, his real stance on trucking deregulation was an enigma. Early in 1977 he declared at a public meeting in Massachusetts that he would propose “substantial

deregulation” of the industry. For the next two years, however, the President failed to act—partially, according to some reports, in order to avoid stirring up added opposition to his airline deregulatory package, which passed in 1978.

In the meantime, Senator Edward Kennedy adopted the issue. During 1977–78 in the Senate Judiciary Committee he initiated hearings on rate regulation and related issues in the trucking industry. In early 1979 the senator and several colleagues proposed legislation removing antitrust immunity from the rate bureaus and allowing truckers to set prices within a “zone of reasonableness” that encompassed increases of up to 7 percent and cuts of up to 20 percent.

On June 21, 1979, Carter finally sent to Congress his own trucking deregulation proposal, which Kennedy and five cosponsors promptly introduced as S. 1400. The bill, if passed, would institute several desirable changes in the ICC regulatory system. These include immediate termination of all restrictions on backhauling and intermediate stops; elimination of all route restrictions, including those on circuitous routings, by Dec. 31, 1981; and abolition of all commodity hauling restrictions by the close of 1982. In addition, the ICC would be instructed to adopt liberal standards and expedited procedures for handling carrier petitions that sought to remove such restrictions before those deadlines. On the other hand, Carter’s package liberalized but failed to abolish entry restrictions. It repealed the antitrust exemption of rate bureaus and gave carriers the freedom to set rates only within a “zone of reasonableness.” For the first two years companies could cut prices 20 percent or hike them 5 percent without ICC interference. After that, 7 percent annual increases would be permissible, as would reductions of any size so long as the new rate was not “predatory.”

The response from the regulated segment of the industry was predictable. The ATA’s Whitlock accused the President of yielding to “political pressure from Senator Kennedy by accepting his radical approach to trucking deregulation.” Teamsters’ union chief Frank Fitzsimmons charged that the White House plan was “so radical that it will destroy the very foundation upon which the greatest distribution system in the world has been built. It is based upon speculation, conjecture and facts which bear no resemblance to the real world in which we live.”

This Kennedy-Carter measure was referred to the Senate Commerce Committee, its chairman, Howard Cannon, a longtime skeptic about the merits of deregulation. In 1978, for instance, Cannon told an ATA executive committee meeting that if the ICC system needed an overhaul, “then the appropriate congressional response should be action to eliminate the weaknesses, not to throw everything out the window in the process.” After several hearings by his committee, Cannon and the ranking minority member, Senator Robert Packwood (R-Ore.), introduced S. 2245, the so-called Motor Carrier Reform Act of 1980. At the same time, the Nevadan reaffirmed an old pledge that he would secure final passage of regulatory reform legislation prior to June 1, 1980.

The Cannon bill, while less hostile to reform than had been expected by many deregulationists, falls short of even the relatively moderate reforms proposed in the Kennedy-Carter measure. It provides for greater freedom of routing, increased rate-setting flexibility, and easier entry than is now the case but, as Cannon points out, it “would stop far short of deregulating this vital industry.”

According to Roger Swain of the National Federation of Independent Business, coordinator of a loose coalition of national organizations supporting ICC reform, this year the

chances of passage for *some* legislation to deregulate trucking “are pretty good.” Unfortunately, Swain and others believe that the best bill possible at this point is the Cannon proposal. At worst, he feels, Congress will pass the more conservative reform measure of Representative James Howard (D-N.J.), the chairman of the House Surface Transportation Subcommittee. Further bad news is that if the Cannon bill—the better of the two—is passed, Congress will probably drop the whole issue for several years to allow time to study the impact of this rather tame change.

One reason that real deregulation seems to have made so little progress in the current Congress appears to be apathy or antipathy on the part of Republicans. The GOP, judging from its standard anti-Big Government rhetoric, ought to be leading the charge for ICC reform. Instead, many of its leaders are dragging their feet. Governor James Rhodes of Ohio, for instance, became the first chief executive of any major industrial state to oppose deregulation when he attacked it in a speech last August at the annual meeting of the Ohio Conference of Teamsters. Three months later, Rhodes succeeded in winning unanimous passage by the Republican Governors Conference of a resolution critical of trucking regulatory reform.

The response from the various GOP presidential contenders has been little better. In his policy statement “A Transportation Policy for the ’80s,” George Bush notes that “motor carriers’ fuel efficiency can be improved by reducing government regulations so as to avoid circuitous routes and unnecessary empty miles.” But Bush is unlikely to make deregulation a priority of his administration. As one of his aides informed me, the Texan feels “some changes” are necessary, but favors a program to achieve them “in a deliberate, orderly manner” that does “not throw the baby out with the bath water.”

Less encouraging still is the position columnist Nick Timmesch attributed to the GOP’s leading conservative contender,



Given the GOP’s standard anti-Big Government rhetoric Republicans should be leading the charge for ICC reform. Instead, they drag their feet.

Ronald Reagan, in July 1979. “I’m not sure that when Carter and Kennedy got together on this trucking deregulation, they chose the right thing,” Timmesch quoted the ex-governor as saying. “They might be creating hardship and confusion in that industry.” Interviewed last summer, Charles Black, then Reagan’s political director, confirmed the accuracy of the columnist’s quotation but reported that the issue was still under consideration by the campaign staff. A phone call to Reagan’s Washington headquarters revealed that as of February no official position had been taken on the deregulation issue.

From Connally headquarters the word as of February 8 was that “Big John” concedes that “trucking de-regulation is not high on his list of priorities.” His fear, the statement continues,

is “that immediate de-regulation of the trucking industry would have an effect on service to small towns and rural areas which are less accessible and profitable. These areas are currently being served under the present guidelines applicable to the trucking industry.”

Connally took a somewhat stronger stance last October in an address to 1500 people at the ATA annual meeting in Chicago. “I want you to know,” the candidate thundered, “that I’m not the least bit interested in deregulating the trucking industry.” Claiming that “Congress wants to attack the only industry that works,” Connally added: “If he’s never said anything else worth quoting, it’s worth quoting Bert Lance on this. ‘If it ain’t broke, don’t fix it.’” The *Chicago Tribune* reported that these declarations drew “overwhelming applause” and immediate pledges of at least \$15,000 in campaign contributions. This performance provides additional evidence for Stephen Chapman’s assessment of the Texas wheeler-dealer in the *New Republic*, November 11, 1978: “Connally doesn’t have much use for laissez-faire capitalism, but he has an abiding love for big business and big businessmen.”

THE BEST SOLUTION TO THE TRUCKING regulation controversy would be to follow a suggestion made in June 1974 by Democratic Senator William Proxmire of Wisconsin—abolish the ICC outright. Sheldon Richman, director of research for the Council for a Competitive Economy (CCE), argues that what is needed is “full deregulation.” CCE’s position, he explains, is that “if somebody wants to start a trucking business, they should be able to start a trucking business.” All entry, routing, and commodity regulations merit abolition, not “reform.” As for the question of shipping rates, Richman contends that Kennedy and others who propose abolishing the antitrust immunity of rate bureaus are approaching the problem in the wrong way. “Antitrust,” he argues, “is itself a form of regulation.” His solution to restoring competitive rate-setting is to restore free entry into the market and to “take the force of law away” from the rate bureau-ICC price fixing combination. In a truly free market, Richman points out, collusion over rates will swiftly break down as carriers see a chance to win extra business by cutting prices.

One wild card in the current debate is the possibility that Senator Cannon’s foot-dragging on regulatory reform was illegally influenced. In early February the New York Times News Service reported that the Commerce Committee chairman’s links to a Chicago insurance executive alleged to have close ties to the teamsters and organized crime were under investigation by the FBI. According to the article, the FBI was concerned that an attempt by Cannon to acquire some Nevada land owned by the union was related to his stance on deregulation. Cannon’s office has denied the story, and the FBI, acting under its traditional policy on such matters, declined comment. However, the Senate Ethics Committee agreed to undertake a “preliminary review” of the evidence. This would be the first of two steps prior to a full-fledged investigation of the senator, whose 1976 reelection campaign was supported by the teamsters’ political action committee.

Even a major scandal involving Senator Cannon would probably not save the Kennedy-Carter deregulation legislation, much less stimulate congressional approval of full decontrol of the trucking industry. Any “reform” legislation passed this year may make things a little easier for future Timothy Persons. But until entry controls are abolished and the rate-setting system is reformed, shippers, consumers, and aspiring truckers are stuck with a system that hurts us all. □

WHITE HOUSE YEARS, by Henry Kissinger. Little, Brown & Co., 1521 pp., \$22.50.

Deception as a way of life

NOAM CHOMSKY

IN A STUDY OF KISSINGER's foreign policy written before these memoirs appeared, Seymour Brown described Kissinger as "the arch practitioner of the razzle-dazzle, 'can do' American pragmatism," his performance "a brilliantly executed series of improvisations," perhaps "more shuttle than substance." The 1500-page memoirs covering Nixon's first term confirm that assessment. Many pages are devoted to what Kissinger calls "philosophy" ("The statesman's responsibility is to struggle against transitoriness and not to insist that he be paid in the coin of eternity," "to strive, to create, and to resist the decay that besets all human institutions") and to the lessons of history ("there can be no peace without equilibrium and no justice without restraint"). The discussion throughout is as vapid as these examples suggest and is sprinkled with words like "paradoxical" and "ironic." But it would be a mistake to think that behind this lies

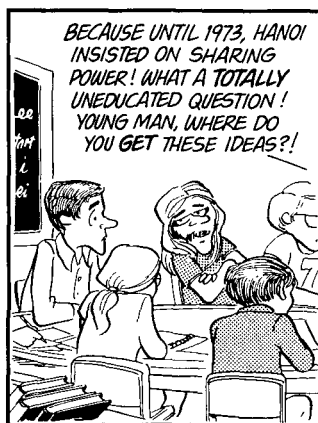
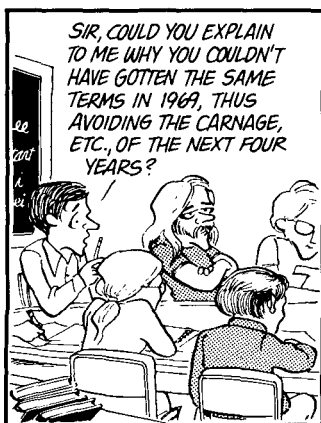
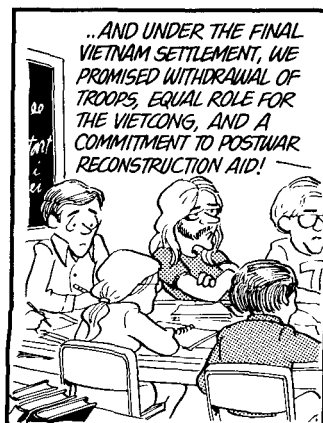
some subtle "conceptual framework" or grand design. Rather, Kissinger's memoirs give the impression of a middle-level manager who has learned to conceal vacuity with pretentious verbiage.

"Equilibrium was the name of the game," Kissinger explains. But what is "equilibrium"? "Equilibrium" is secured by thwarting "Moscow's geopolitical ambitions"; in particular, "we would not ignore, as our predecessors had done, the role of the Soviet Union in making the war in Vietnam possible" by "massive supplies to North Vietnam"—a reasonable stance, if one assumes that the United States owns the world. Still another threat to "equilibrium" was "Soviet aggressiveness in the Middle East," as when the Soviets sent anti-aircraft systems and military personnel to Egypt after the Israelis bombed deep inside Egypt using U.S.-supplied Phantom jets. Other illustrations include "proxy wars by India and Syria," Hanoi's refusal to make peace on Kissinger's terms, Allende's electoral victory in Chile—all "facets of a global Communist challenge." In the face of this, the United States must continue to be "the bulwark of free peoples everywhere"—as we had in Guatemala, the Philippines, Chile, Iran, Indochina, the Dominican Republic.

From many such passages, the meaning of "equilibrium" or "stability" emerges clearly: It increases or declines as U.S. domination of the global system increases or declines. Any abatement is the result of a worldwide campaign orchestrated by Moscow (or earlier, Peking; in 1969, Kissinger "still considered the People's Republic of China the more aggressive of the Communist powers"). The problem we face is that the USSR is intent on "waging a permanent war for men's minds," and "mocking the traditional standard of international law that condemns interference in a country's domestic affairs" by sponsoring "upheavals, revolutions, subversion" with no concern for "Western concepts of goodwill." The Soviets understand only "self-interest," so there is no point in "appeals to a sense of moral community." They are so different from us, in these respects.

All this, unfortunately, the world sometimes fails to comprehend. Thus, as "American self-doubt" became "contagious" in the 1960s, "European intellectuals began to argue that the Cold War was caused by American as well as by Soviet policies" while "a vocal and at times violent minority" in the United States challenged "the hitherto almost unanimous conviction that the Cold War had been caused by Soviet intransigence" alone. Critics sometimes even "alleged that our [weapons] programs triggered Soviet responses rather than the other way around." We should learn, we are told, from the Cuban missile crisis, when Kennedy established "a psychological balance" so that some progress was possible; yet elsewhere

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Kissinger notes that "Khrushchev's humiliation in Cuba was one cause of his overthrow two years later" and that "the Soviet Union, reacting in part to its humiliation in the Cuban missile crisis of 1962, had undertaken a massive effort to augment its military strength across the board." "Psychological balance" equals "humiliation of the Soviet Union." U.S. military intervention and subversion contribute to "stability."

One should not try to assess such pronouncements—which abound—as if they represented some effort at analysis of contemporary history. They are simply the effusions of someone with no understanding of history and no interest in it. As in his academic writings, Kissinger reveals himself to be an unquestioning advocate of the use of American power to establish global dominance, a person who can be assigned the management of this power by others who are aware of the real motives for its exercise while that question remains outside his purview.

Kissinger admires Bismarck's maxim that "courage and success do not stand in a causal relationship; they are identical." Courage, as he has explained in his academic writings and illustrates throughout these memoirs, is the willingness to smash opponents incapable of retaliation, and to "face up to the risks of Armageddon," as, for example, in "going to the brink over Pakistan." It is not difficult to manifest "courage" of this sort when the enemy is too weak to strike back, and one trusts that others will not be insane enough to respond with similar "courage."

Though Kissinger has nothing rational to say about the goals or framework of policy, he treats the reader to extensive detail on such earthshaking topics as the theory of negotiation, the styles of various political leaders, their ranking on the humor scale, and so on. Throughout, he describes his masterful negotiating and his victories in single-handed

combat over his tormentors, from "Ducky" (Le Duc Tho) to university presidents and academic colleagues who, in his rendition of their interventions, repeatedly reveal their silliness. One's awe at the author's brilliance is perhaps tempered slightly by the dictum Kissinger himself cites from Dean Acheson, in the case of a Soviet report of Brezhnev's similar achievements: "No one ever lost a debate in a memorandum of conversation dictated by oneself."

Only in conversation with "the Colossus of de Gaulle" does Kissinger falter, and in an interesting manner. Kissinger attempts to explain to de Gaulle that the United States must continue to pound Indochina because "a sudden

But the criticism is too limited. In his eyes, Vietnam, too, was a "sideshow." For Kissinger, the war was fought to establish "credibility"; and for his predecessors, "to show that the 'war of liberation' . . . is costly, dangerous and doomed to failure" (as General Maxwell Taylor put it in February 1966) and to prevent a "domino effect," namely, the danger that social and economic successes in Indochina might cause "the rot to spread" throughout the U.S.-dominated system.

Kissinger, of course, merely repeats standard patriotic speeches: "Our predecessors had entered in innocence, convinced that the cruel civil war represented the cutting edge of some global

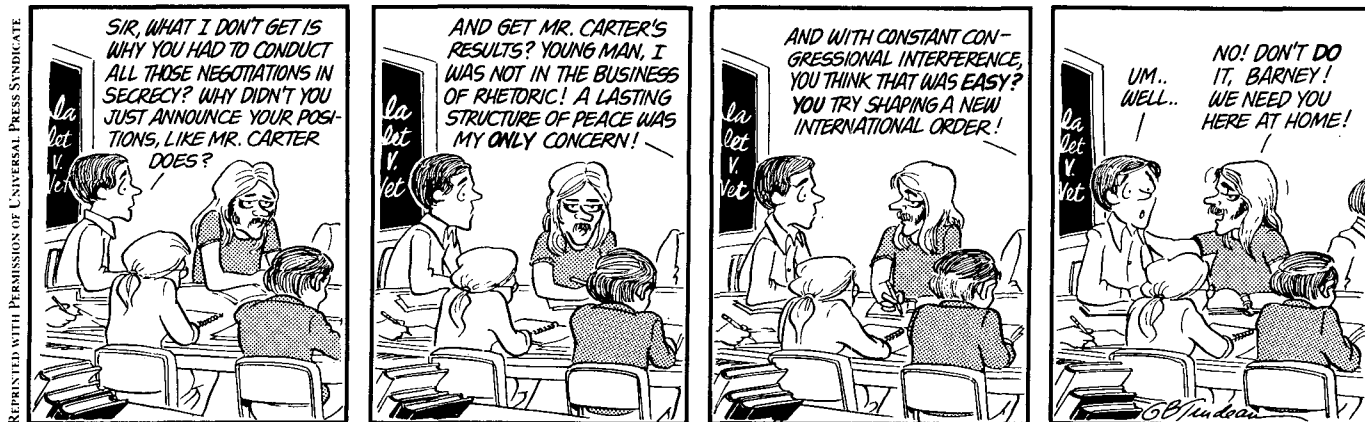
Courage, for Kissinger, is the willingness to smash opponents incapable of retaliation.

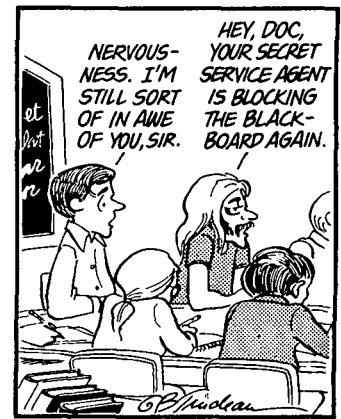
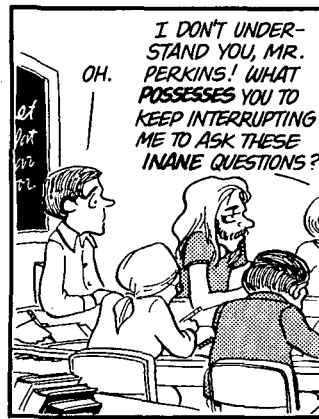
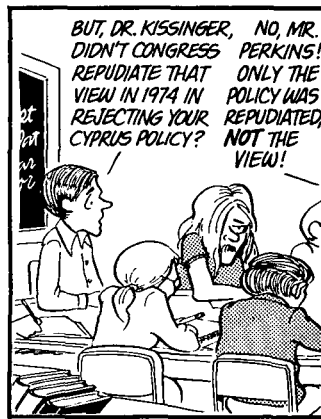
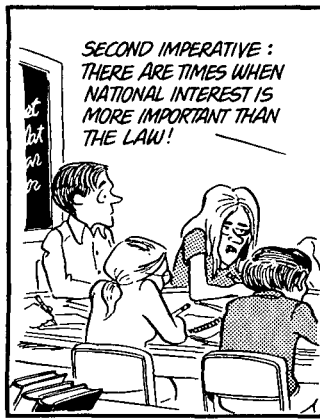
withdrawal might give us a credibility problem." "Where," asks de Gaulle. "The Middle East," Kissinger suggests. "'How very odd,' said the General from a foot above me. 'It is precisely in the Middle East that I thought your enemies had the credibility problem.'" The author records no response, and in fact nowhere explains how American "credibility" was secured by Kissinger's murderous conduct of the war.

KISSINGER HAS BEEN accused of treating the war in Cambodia, a war obviously inflamed by his initiatives despite his pathetic attempts at self-justification, as a "sideshow." His memoirs reveal the characterization as correct: The war was extended to Cambodia to help achieve U.S. aims in South Vietnam ("Cambodia was *not* a moral issue"—his italics).

design"; "our entry into the war had been the product . . . of a naive idealism that wanted to set right all the world's ills and believed American goodwill supplied its own efficacy." In fact, in the 1940s American analysts clearly understood that in aiding France they were combating the nationalist movement of Vietnam, and despite later pretense, the clearer-headed always understood that this was also true in South Vietnam. Idealism and goodwill played as much of a role as they did in Russia's invasion of Hungary. Kissinger's account, which would embarrass a moderately well informed high school student, cannot even maintain consistency. We read that the Vietnamese have "little sense of nationhood," and later on we are told that "they have fought for centuries . . . to determine their national destiny."

What is perhaps more interesting is





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Kissinger's complete failure to comprehend the dynamics of the Cold War. He says (and probably believes) that "we became involved because we considered the warfare in Indochina the manifestation of a coordinated global Communist strategy." (He also reports, this time correctly, that when the Soviets invaded Czechoslovakia, "they did so amid a smokescreen of accusations against the United States, West Germany, and NATO for 'interfering'"—much the same is happening now, as the USSR invades Afghanistan.) Likewise, the United States was defending freedom against a global Communist conspiracy when it overthrew the government of Guatemala or invaded the Dominican Republic. The Cold War has been highly functional for the superpowers in mobilizing popular support for intervention in what they take to be their own domains, appealing to the threat of a powerful global enemy. But all of this is far beyond Kissinger's comprehension or concern.

In his efforts to achieve "equilibrium," Kissinger was beset by enemies on every hand: not only Russia and its various "proxies," but also the State Department bureaucracy, Congress, the media, his academic colleagues, arms control specialists, the young (who were not really protesting the war, but were overcome with "the metaphysical despair of those who saw before them a life of affluence in a spiritual desert"), the American public, and, finally, the world. During the 1972 Christmas bombings, a noble effort to achieve peace, "Not one NATO ally supported us or even hinted at understanding our point of view"; "world opinion had been oblivious to Hanoi's transgressions" and believed Hanoi "to be the victim of American 'oppression.'"

The truth, according to Kissinger, is that it was Hanoi that "had started every war in Indochina since 1954." Fifteen hundred pages do not suffice to provide evidence for this repeated and

essential claim. Again, it would be pointless, in this context, to enter into a detailed discussion of the actual facts—say, the U.S. subversion of the 1954 Geneva Accords (Kissinger is outraged over Hanoi's "flagrant violation of the Geneva Accords" eighteen years later), the massive U.S.-backed assault against the anti-French resistance in the late 1950s, the U.S. bombing of the South in the early 1960s, the full-scale invasion of the South before there was evidence of the presence of any regular North Vietnamese forces, and the successful overthrow of the government of Laos in 1958 after a Pathet Lao electoral victory. Facts are plainly irrelevant to this style of discourse, and Kissinger never asks why the world was so oblivious to his version of them, which is that somehow, unaccountably, our "war to resist aggression had turned into a symbol of fundamental American evil."

The most terrible enemies were the Vietnamese—North and South. The "diplomatic style" of Hanoi was "maddening," with its "almost morbid suspicion and ferocious self-righteousness . . . compounded by a legacy of Cartesian logic"; contrasting with the American style, based on "the American belief in the efficacy of goodwill and the importance of compromise" and "an ethic of tolerance." Even our own clients, Thieu and his associates, were "despicable" and "outrageous," generating in Kissinger "that impotent rage by which the Vietnamese have always tormented physically stronger opponents." Their methods were "obnoxiously Vietnamese," specifically, Thieu's "egregious, almost maniacal, tactics and his total insensitivity to our necessities." He applied "to us the elusive tactics Vietnamese reserve for foreigners" in an effort "to grind us down," just as Hanoi "sought to grind us down." In the real world, remote from Kissinger's story, it was the Americans, to quote pacification chief Robert Komer, who were "grind-

ing the enemy down by sheer weight and mass." To Kissinger, even the Vietnamese language, "with its finely shaded meanings quite beyond our grasp," was an enemy. By the end, he is virtually frothing at the mouth over the "arrogance" and "insolence" (his favorite word) of Vietnamese on all sides. The basic colonialist, indeed racist attitudes can no longer be concealed, as his frenzy mounts.

A MAN OF DEEP SENSITIVITY, Kissinger is appalled by the lack of compassion revealed by his domestic enemies (who were numerous: "All the press, the media and intellectuals have a vested interest in our defeat"). The doves, he writes, "have proved to be a specially vicious kind of bird"; he laments that there was "no civility or grace from the antiwar leaders." Walt Rostow was "mercilessly persecuted," "not reappointed to his professorship at the Massachusetts Institute of Technology" (he received a full professorship at the University of Texas). The example is typical of Kissinger's difficulties with the real world. True, Rostow was not reappointed—by a political science department no less hawkish than he. In fact, a group of antiwar students and faculty did initiate an inquiry to determine whether there was an issue of academic freedom, on the grounds that even war criminals have a right to teach. But it quickly became obvious that Rostow's wartime record could hardly have been a factor in his rejection by his colleagues, who were not quite "antiwar leaders." Not even the most trivial example escapes Kissinger's mania for falsification.

The "most poignant fate" was visited on Robert McNamara, demoted to head of the World Bank. Others too deserve "compassion," specifically the shah, "a pillar of stability in a turbulent and vital region." He was a "dedicated reformer" who was "undermined by his successes"

while “wrestling perhaps with forces beyond any man’s control.” The shah “understood that the dangers to Iranian independence had historically come from the north,” not from England and the United States. “He had been restored to the throne in 1953 by American influence [sic] when a leftist government had come close to toppling him” (the Mossadegh government was

tyrant on his throne, establishing and training his dreaded secret police, providing the means for massive repression to the very end of his bloody rule, creating an economy that squandered enormous wealth while perpetuating and sometimes intensifying misery and impoverishment—that question, needless to say, does not arise.

Kissinger’s noble endeavors to

Kissinger asserts repeatedly that Sihanouk never objected to the bombing, but this is untrue.

“leftist,” by definition, since its moves toward independence from the United States undermined “equilibrium”). The shah then pursued his “noble aspirations,” though, to be sure, some of his methods were “unworthy of the enlightened goals.” If he was “authoritarian,” this was “in keeping with the traditions, perhaps even the necessities, of his society.” “Nor can it be said that the Shah’s arms purchases diverted resources from economic development”; the United States simply tried “to match the influx of Soviet arms into neighboring countries.”

As usual, Kissinger wisely refrains from offering any evidence for his pronouncements, which in this case pass beyond his penchant for deception. The factual record shows that the shah’s “enlightened” policies were a disaster for the great mass of the rural population and the urban poor of Iran, and that vast resources were squandered with the help of the huge Nixon-Kissinger program of recycling petrodollars by pouring arms into the hands of the “guardian of the Gulf.” The consequences of the whole policy are well-known. There is barely a phrase in Kissinger’s account that rises above absurdity.

His conclusion is that we should now show compassion—toward the shah, not his victims. “The least we owe him is not retrospectively to vilify the actions that eight American Presidents—including the present incumbent—gratefully welcomed”—such as murder, torture, and robbery and corruption on a vast scale. We will “impress no one by condemning him now”—at least no one who counts, excluding, for example, Iranians or others in the Third World. As for the possibility of examining our own record of applying “influence” to place this

achieve peace and justice are framed by the Indochina war. The first challenge he faced was the “unprovoked offensive” launched by Hanoi in February 1969 with “extraordinary cynicism”; that violated the “understanding” reached the previous November, when the United States ceased the bombing of the North (but not the South, or Laos, where the bombing was in fact intensified). Hanoi did not stop to test the “professions of intent” of the new administration, but moved at once “to step up the killing of Americans.”

The story ends when Kissinger finally compels Hanoi, by massive force, to accept peace on his terms—after which he would have left office had his great achievement not been undermined by Watergate and renewed North Vietnamese aggression. It was the “unprovoked offensive” of February that justified the “secret bombing” of Cambodia from March 1969, “after prayerful consideration”; then, as at the time of the April 1970 invasion, “The precipitating issue was the Communist sanctuaries from which the North Vietnamese had tormented our forces”—American forces that, obviously, had every right to be in South Vietnam to “defend” the population, as they had been doing since the early 1960s, when they began the bombing of villages, defoliation, and forced population removal.

A LOOK AT THE FACTS reveals, as usual, a rather different story. Let us begin with the events of 1968–69. According to the Kissinger version, after the November bombing halt (redistribution, to be more exact), General Creighton Abrams undertook new tactics: He “concentrated on protecting the population.” Turning

to the real world, Averell Harriman, who was U.S. negotiator in Paris, testified before Congress that in October–November 1968, Hanoi’s withdrawal of 90 percent of its forces from the northern two provinces (Kissinger asks in early 1969, “Why did NVA [North Vietnamese army] units leave South Vietnam last summer and fall?”) permitted General Abrams to move forces to the region near Saigon “to strengthen our position there.” The American command shifted to Abrams’s new concept of “total war,” with more aggressive tactics aimed at the VC “infrastructure” and main forces, as reported by Terence Smith in the *New York Times*, March 23, 1969 (“New U.S. Tactics Intensified Fighting”); by February, the rate of American-initiated contacts had doubled, U.S. military officers reported with much gratification, thereby confirming Harriman’s opinion that the February offensive was a response to U.S. actions. “Allied officials concede that the current enemy offensive may in part be a reaction to this added pressure,” and to the “accelerated pacification campaign.”

What of the “accelerated pacification campaign”? After the “bombing halt,” the U.S. command launched several of the fiercest campaigns of the war against the population of the South: For example, Operation SPEEDY EXPRESS began on December 1, 1968, in the Mekong Delta province of Kien Hoa, where there appear to have been no North Vietnamese troops. The “infrastructure” of the indigenous NLF, which almost totally controlled the province, was decimated at a cost of thousands of civilian casualties by “a relentless night and day barrage of rockets, shells, bombs and bullets from planes, artillery and helicopters,” along with B-52 attacks (some targeted directly on villages), defoliation, and ground sweeps that rounded up the population and sent them to prison camps, according to Kevin Buckley, head of the Saigon bureau of *Newsweek*. Or Operation BOLD MARINER, launched in January 1969, which drove some 12,000 peasants (including, apparently, those who escaped the My Lai massacre) from the caves and bunkers in which they had endeavored to survive constant U.S. bombardment; after that the land was leveled with artillery barrages and Rome Plows to ensure that nothing would grow in an area where the dikes had long ago been destroyed by U.S. bombing. Not a word about any of this appears in Kissinger’s account of the “unprovoked offensive” (launched with such “extraordinary cynicism” by

Hanoi), which justified the “secret bombings” of Cambodia.

I have placed the phrase “secret bombings” in quotes for a reason: Kissinger asserts repeatedly that Cambodia never “claimed that there were Cambodian or civilian casualties,” that the border regions attacked were “unpopulated,” and that Sihanouk never objected to American bombing of Cambodia. In fact, on March 26, a week after the “secret bombings” began, the Cambodian government condemned the bombing and strafing “almost daily by U.S. aircraft” of “the Cambodian population living in the border regions.” As increasing numbers of people were killed and material destroyed, the Cambodian government alleged that these attacks were directed against “peaceful Cambodian farmers” and demanded that “these criminal attacks must immediately and definitively stop. . . .” At a March 28 press conference, Sihanouk emphatically denied reports that he “would not oppose U.S. bombings of communist targets within my frontiers,” adding that “unarmed and innocent people have been victims of U.S. bombs,” including “the latest bombing, the victims of which were Khmer peasants, women and children in particular.” He appealed to the press “to publicize abroad this very clear stand of Cambodia—that is, I will in any case oppose all bombings on Cambodian territory under whatever pretext.” The appeal was in vain. The bombings were “secret” in the sense that the media kept them secret; Sihanouk’s statements have yet to appear in mainstream books or journals in the United States.

On January 3, 1970, Sihanouk’s government—recognized by the United States—issued an official White Paper with dates, places, casualties, and photographs, describing attacks by the United States and U.S. clients on Cambodia up to May 1969, including 5149 air attacks. There was no mention in the

U.S. press, to my knowledge, though the facts were readily available. The assertion that these areas were virtually “unpopulated,” always untenable, was exploded by the reports of American correspondents who entered Cambodia with the attacking U.S.–GVN forces in April. And U.S. correspondent T. D. Allman had reported in the *Far Eastern Economic Review* in February 1970 that in a border area that Nixon and Kissinger described as one of the most dangerous sanctuaries he could find no Vietnamese, though “United States aircraft violate Cambodian air space and bomb and strafe Cambodian territory” regularly, causing many casualties. There are many similar eyewitness reports, all studiously ignored in this “history” and also by many of Kissinger’s critics.

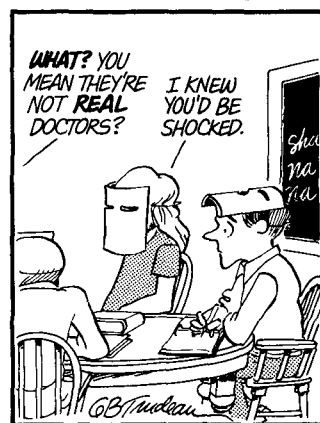
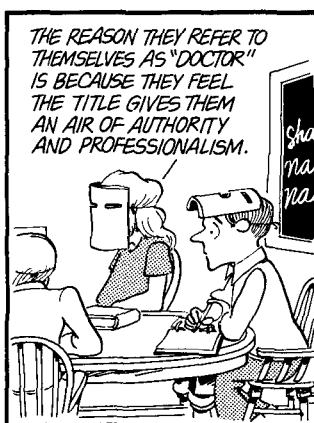
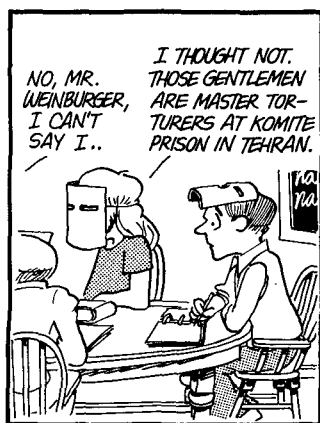
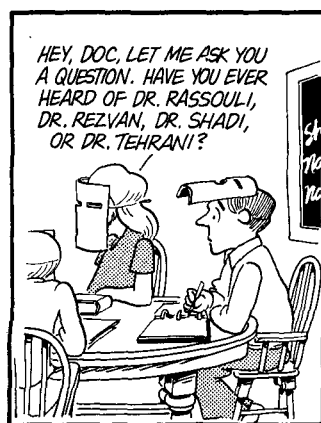
Let us turn next to Kissinger’s “peace”—which he himself regards as his major achievement. According to his version, the massive bombing of North Vietnam in 1972 drove Hanoi to accept in October a peace plan even more favorable to the United States than “the terms we ourselves had put forward for two years.” But after the November presidential election, Hanoi, with typical insolence, refused to negotiate, so the United States had to carry out the Christmas bombings to compel them to accept U.S. terms in January. As always, Kissinger wisely avoids the available documentation. But even from the scattered and self-serving excerpts he selects, it is obvious that his story can hardly be taken seriously.

SPACE PREVENTS A DETAILED analysis, but the basic facts are easily documented. The U.S. position had been that the GVN (Government of Vietnam, which, as Kissinger remarks, had been “put into office by a coup organized by our predecessors,”) must remain as the government in the South, after which “free elections” might be held under its auspices; engag-

ingly, Kissinger observes that “whoever controlled the government would win.” The 1962 program of the National Liberation Front of South Vietnam (NLF) demanded a share (which would no doubt have become the dominant share) in the governance of South Vietnam. The South was to form a neutral zone with Laos and Cambodia—and would follow “an independent, sovereign foreign policy” and proceed toward “step-by-step reunification” with the North as agreed in the 1954 Geneva Accords. Naturally, the United States rejected any such idea, knowing that its clients could not survive political competition in the South. The central provision of the October 1972 agreement was the recognition that there were two administrations in the South, the GVN and the PRG (the former NLF), which were to proceed to a political settlement in the South, then to reunification with the North. In agreeing to this formula, the United States abandoned its long-term program of imposing the rule of the GVN on South Vietnam.

Since the United States was obviously delaying, Hanoi announced the terms of the agreement on October 26. Kissinger then appeared on television to announce that “peace is at hand.” A careful reading of his statement, however, revealed that he was rejecting the central element of the agreement: that the PRG is parallel and equivalent to the GVN in the South. Obviously, peace was not “at hand.” Kissinger then attempted to modify the agreements in various ways, which led to the Christmas bombings. The United States then signed a treaty in Paris that differed in only the most insignificant respects from the October agreements—which Hanoi had been urging Washington to sign throughout the period when Kissinger claims that Hanoi had been insolently refusing to negotiate.

This, however, is only half the story. Exactly as in October, though more explicitly, Nixon and Kissinger an-



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nounced at once that they would disregard the agreement that they had signed in Paris in January. The treaty itself was based on the principle that the GVN and PRG were parallel and equivalent parties and that "foreign countries shall not impose any political tendency or personality on the South Vietnamese people." But the White House summary stated that "The government of the Republic of (South) Vietnam continues in existence, recognized by the United States, its constitutional structure and leadership intact and unchanged." Nixon announced that the United States would continue to

recognize and support the GVN as "the sole legitimate government of South Vietnam," with a constitutional structure that, in an unamendable article, identified this government as representing all of Vietnam and stated that "Every activity designed to propagandize or carry out communism is prohibited." So much for the open political competition guaranteed in the treaty. To dispel any doubt, the Thieu regime announced at once that it would repress by force any support shown for the second of the two parties in the South. Furthermore, it did so; as all serious observers agree, in essence the GVN went on the offensive in 1973 (with full U.S. backing), and the "enemy" responded in 1974.

ence the GVN went on the offensive in 1973 (with full U.S. backing), and the "enemy" responded in 1974.

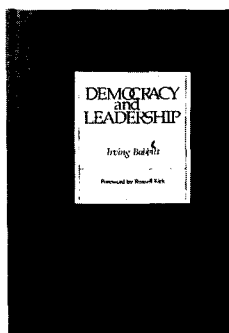
In short, the texts of the agreements of October and January represented a major concession by Kissinger, but in their interpretation of the texts Kissinger and Nixon maintained their longstanding commitment to impose the rule of the U.S. client regime in the South in defiance of the scrap of paper signed in Paris. This led to renewed warfare largely initiated by the U.S.-GVN and ultimately to retaliation by the Communist enemy and the overthrow of the U.S.-imposed regime. A very different story from the one that Kissinger relates, but an accurate one, quite obvious at the time to anyone whose eyes were open.

The truth can even be disentangled from Kissinger's obfuscations. Kissinger's reason for rejecting the treaty he signed was the familiar one: As Ambassador Bunker told Nixon and Kissinger on August 31, 1972, the GVN "fear that they are not yet well enough organized to compete politically with such a tough, disciplined organization." Kissinger concludes by noting that on January 21, Thieu requested "some unilateral statements by the United States that we recognized Saigon as the legal government of South Vietnam," which "was consistent with our interpretation of the agreement" though flatly inconsistent with its text. And so on.

Throughout, Kissinger's memoirs keep to a comparable intellectual and moral level. Thus, he explains the "tilt to Pakistan" at the time of the atrocities in East Pakistan (which, his account suggests, the United States never criticized, not even in private) on the ground that the secrecy of the impending trip to China had to be maintained, and for this, Pakistan's cooperation was required; the trip might otherwise have been delayed by several months. Putting aside the hypocrisy of this argument, why was it necessary to maintain secrecy? As he makes clear, China itself did not approve of the secrecy, and indeed, was much annoyed by it. The only explanation is that the crucial "razzle-dazzle" would otherwise have been lost. So much for the massacres.

Kissinger defends his efforts to destabilize Chilean democracy on the ground that the "anti-Allende vote" in 1970 was 62.7 percent. He notes, however, that the Christian Democratic vote (approximately equal to Allende's) went to a left-wing candidate "whose program differed from Allende's largely on procedural points and in his sincere dedication

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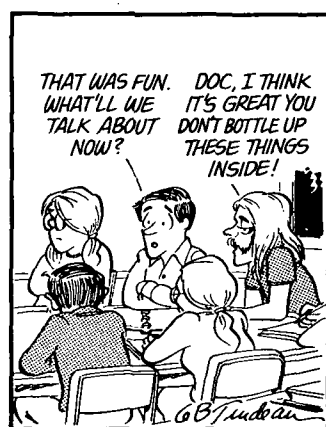
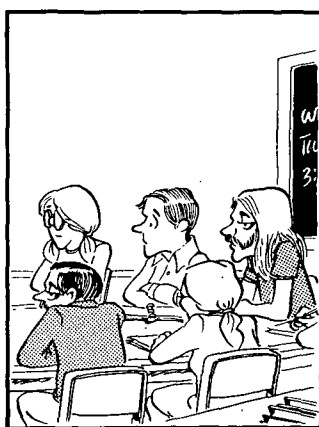
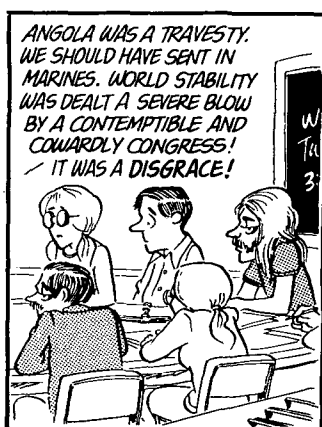
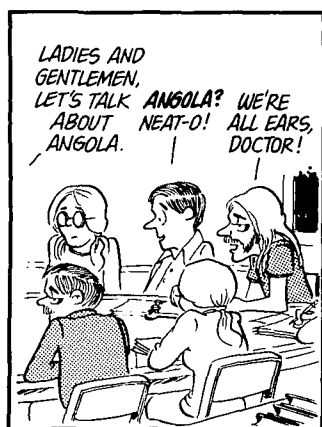


Democracy and Leadership

By Irving Babbitt

A penetrating work of political and moral philosophy, first published in 1924, *Democracy and Leadership* is packed with wisdom. Irving Babbitt was a distinguished professor of French literature at Harvard and a leader of the intellectual movement called American Humanism. This was his only directly political book, and in it Babbitt applies the principles of humanism to the civil social order. He summarizes the principal political philosophies; contrasts Rousseau with Burke; describes true and false liberals; distinguishes between ethical individualism and destructive egoism; and stands up for work and duty. *Democracy and Leadership* joins the broken links between politics and morals—and that accomplishment marks it as a work of genius. With a foreword by Russell Kirk. Hardcover \$9.00. Softcover \$4.00.

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to the democratic process.” Thus the vote for an Allende-style program was in effect two-thirds. As for Allende, “by definition his would be the last democratic election,” a pronouncement that blissfully disregards the fact that democratic elections continued under Allende, though not under the brutal regime that overthrew him in a U.S.-backed coup. A further proof that Allende was a committed totalitarian is that “various measures taken by Allende’s government were declared to be unconstitutional and outside the law by the Chilean Supreme Court,” whence we conclude that FDR too was a totalitarian.

IT IS UNNECESSARY TO DISCUSS Kissinger’s account further; it is effectively demolished, with the documentation that Kissinger scrupulously avoids, by Armando Uribe in *Le Monde Diplomatique* (December 1979). To cite only one example, Kissinger claims that on receiving a message of congratulation from Nixon, “Allende gave no evidence of a conciliatory approach. The tenor of his administration was set”; thus the United States obviously cannot be blamed for the deterioration of relations. Kissinger does not quote Allende’s response. Uribe does, citing long passages from the official document in which Allende expressed the desire of his government “to maintain good relations with the United States” on the basis of mutual recognition of the “dignity” and “national interests” of each other—among other reasonable and conciliatory remarks. Again, one can see why Kissinger is so careful to avoid documentation.

Occasionally, Kissinger makes the mistake of citing a source that is easily checked. Thus he claims that William Shawcross “excused the Khmer Rouge atrocities” and that Richard Dudman “alleged that there was insufficient evidence the atrocities ever took place.” Turning to his sources, we discover that

in fact Shawcross bitterly denounced the atrocities of the Pol Pot regime, concluding that the Khmer Rouge had turned Cambodia into a “hell on earth.” Shawcross reports correctly that the ferocious American bombings of 1973 decimated the peasant army and cites official histories that show that heavily populated areas were being intensively bombed by B-52s. State Department studies and other sources confirm that Khmer Rouge policies became far harsher in 1973. David Chandler, a former U.S. foreign service officer in Phnom Penh who is now an academic specialist on Cambodia, testified before Congress that “the leadership hardened its ideology” in 1973–74 and that the incredible bombing of 1973 “may have driven thousands of people out of their minds”; “to a large extent, I think, American actions are to blame” for postwar atrocities.

Try as he may, Henry Kissinger cannot alter the facts with false accusations leveled against people who have exposed his machinations, any more than he can provide an answer to the ambassador of Lon Nol’s anti-Communist Cambodian regime who said, as the Indochina war ended: “Let’s face it, you took advantage of us, of our inexperience. As you are much cleverer than we are, you could induce us into this fighting. . . . If the United States had respected our neutrality, then the fighting, the killing and things might not have happened.”

Kissinger’s allegations concerning Dudman are no less scandalous. Dudman never questioned that ample evidence of Khmer Rouge atrocities existed. Rather, he raised questions about reliance on Vietnamese sources in the midst of a war and about the way evidence was used to determine the *scale* of the deaths and killings, questions that would be recognized as pertinent by any serious person, though it is hardly surprising that they lie far beyond Kissinger’s comprehension.

Kissinger’s sections on the Middle East—presented with characteristic self-adulation—review the early stages of his blunders that were a major factor in setting the stage for the October 1973 war; specifically, his rejection of Sadat’s repeated overtures in 1971–72 and his blind insistence on interpreting the Arab-Israeli conflict as part of a global Russian challenge. Again he makes no mention of the U.S. role in stimulating conflict; for example, the vast flow of armaments to Israel (including Phantom jets), which began to arrive in September 1969. These new arms enabled Israel to undertake the “deep penetration” raids in Egypt that precipitated the entry of Russian anti-aircraft systems and military personnel, and to bomb the Suez zone so intensively that a million and a half people were driven out, according to former Israeli Chief-of-Staff Mordechai Gur. The Israeli ambassador to Washington, Yitzhak Rabin, reports his understanding that the Nixon administration favored the Israeli “deep penetration” raids and even further escalation, so as to undermine Nasser. We learn nothing about any of this from Kissinger.

Kissinger makes clear that “there was no White House support at all” for State Department efforts to secure a settlement in 1971, well after Sadat’s offers to make peace on the pre-June 1967 borders, in essential accord with the State Department’s “Rogers Plan.” Kissinger’s aim “was to produce a stalemate until Moscow urged compromise or until, even better, some moderate Arab regime decided that the route to progress was through Washington”—as Sadat surely had, though Kissinger did not understand this. Even after Sadat’s “massive purge of pro-Soviet elements in his government,” the light did not dawn. “Until some Arab state showed a willingness to separate from the Soviets, or the Soviets were prepared to dissociate from the maximum Arab program,

we had no reason to modify our policy” of stalemate. This statement is remarkable not only for its startling ignorance—Saudi Arabia, for example, was not willing “to separate from the Soviets”?—but also for its obtuseness in refusing to move toward peace out of absurd “geopolitical” fantasies.

Kissinger notes that in September 1971, the Soviet Union indicated its willingness “to withdraw its combat forces from Egypt in case of a final settlement” along the lines of Sadat’s rebuffed offer, but “we had no incentive to proceed jointly with Moscow” because “there was no sign of the Soviet Union’s willingness to press its clients toward flexibility”; “flexibility,” not defined, amounted to acceptance of Israeli control of territories occupied in 1967. The real story is that he assumed that “equilibrium,” in his special sense of the term, would be served by maintaining the Israeli dominance that he regarded as unchallengeable—until forced to revise his assumptions after the October war to which he contributed so effectively.

Kissinger’s memoirs abound in examples of the sort I have discussed. They reveal the enormous dangers posed to peace, minimal justice, and humanity—even survival—by a combination of limited understanding, tremendous military force, and willingness to show “courage” by “going to the brink.” The one great talent that Kissinger manifests here, as throughout his career, is a capacity to befuddle the media and public opinion. Academic scholarship also takes his preposterous statements about international affairs and his “geopolitical” inanities quite seriously, even in critical commentary. As for the media: To take a perhaps extreme example, the book editor of the *Boston Globe*, who finds Kissinger “perceptive” and “humane” in his memoirs, writes that “either we accept, or try to accept, what he is saying, given his massive ego, or wait for 20 or more years before making a judgment.” For her, no other reaction is imaginable. In fact, a rather different assessment is suggested by one of the more profound thoughts that graced Kissinger’s academic writings, his explanation that “the deepest problem of the contemporary international order” is the failure, on the part of people outside the West, who have not undergone the Newtonian revolution, to understand that “the real world is external to the observer.” Reading these memoirs, one might conclude that Kissinger himself is—in his own weird sense—a medieval man. □

ART

Poem without words

SIMON LEYS

THE CLASSICAL CONCEPTION of art in the West is essentially illusionist. In the well-known anecdote about the painters of ancient Greece, the competition between Parrhasius and Zeuxis ends up with birds fooled into pecking at painted grapes and deceived viewers trying to lift a painted curtain. Legendary anecdotes from the Renaissance are all in this same vein: Michelangelo angrily hits his own *Moses* because it will not speak or move; its being inanimate becomes all the more frustrating because the statue is so deceptively lifelike.

Ancient Chinese anecdotes about painting point to a diametrically opposite notion. Whereas in the West, painters endeavored to cheat the senses of the spectator, providing fictions as convincing as their skill would allow, for the Chinese painter success was measured not in terms of effective make-believe or ability to fake reality, but by the ability to summon reality. Painting of the highest order was not illusionary—it held a grasp upon reality, it was operative: A horse from the imperial stables began to limp after Han Gan painted him with one hoof missing. The emperor, having commissioned Wu Daozi to paint a waterfall on a wall of his palace, subsequently had to ask the artist to rub off the painting: The noise of the water disturbed the emperor’s sleep.

At an archaic stage, the power of painting was thus seen as magical. The

magic eventually matured into religion, and landscape painting became both the visible manifestation and the highest embodiment of the true religion of China, which seeks cosmic harmony and the achievement of a communion with the world. The power of painting came to be described in aesthetic terms, but the full import of these terms can be understood only insofar as one remains aware of the archaic concepts (so well illustrated by the anecdotes) out of which they sprang.

The relation between Chinese landscape painting and nature can perhaps be best expressed—to borrow a religious image from the West—by comparing it to the concept of the “true presence” in the Eucharist (however awkward or perhaps distasteful the use here of such a theological metaphor might seem). Differing from other Christians who believe that the consecrated bread is a mere symbol of Christ, Catholics see in it the actual body of Christ. Similarly, one could say that the Chinese landscape painting is not a mere image, or a mere symbolic representation of mountains and rivers: In the exact words of a great painter and theoretician of the tenth century (the golden age of landscape painting), the aim of painting is not to describe the formal appearances of reality, but to conjure its *true presence*. I would thus quarrel with the title of Michael Sullivan’s otherwise excellent book, *Sym-*



SIMON LEYS is the pseudonym of Pierre Ryckmans, of the Department of Chinese, Australian National University. Among his books are *Chinese Shadows* and *Broken Images: Essays on Chinese Culture and Politics*.

bols of Eternity.* If we are to grasp the mystical relation established between Chinese painting and reality, this word "symbol" strikes me as particularly weak and misleading.

Landscape painting in China is thus effectively loaded with all the powers of the actual mountains and rivers; this result can be achieved because the painter, its creator, operates in intimate union with the Universal Creator (*zao hua, zao wu zhe*), performing on the same rhythms, following the same principles. The activities of both are parallel; they differ merely in scale, not in essence. Pictorial creation is a microscopic equivalent of the macrocosmic creation. Of course, some Western poets and artists managed intuitively to reach a similar vision. Claudel, for instance, observed: "Art imitates Nature not in its effects as such, but in its causes, in its processes and methods, which are nothing but a participation in and a derivation from objects of God's art itself—*ars imitatur naturam in sua operatione*." And Picasso said, "It is not a question of copying Nature, but of working like it." Yet the Chinese, who developed the oldest and richest corpus of aesthetic theory, were far more articulate on this subject, since they were able to link it with an entire system of philosophical and cosmological thought.

FOR THE ARTIST, IN order to make his painting "operative," the essential requirement, as well as the ultimate touchstone of achievement, is his ability to tap, in nature as well as in himself, the flow of cosmic breath, of creative energy, which the Chinese call *qi* (often mistranslated as "spirit"), and to inject it by the brush into his painting. This allows the painted landscape to partake in the vital dynamism that by its pulse animates the universal creation. *Qi* in itself is invisible, but its effects and action are as manifest and measurable as, for instance, those of electrical energy: Without form or body, it has a physical reality; it can be stored or unleashed; it pervades and informs all living phenomena. Chinese aesthetic theory devotes much attention to *qi*. Its cultivation and expression constitute the foremost concern of all artists,

**Symbols of Eternity: The Art of Landscape Painting in China*, by Michael Sullivan. Stanford University Press, 205 pp., \$18.50. Any reader who would like to learn more on this topic should turn to Sullivan. Both for scholarly competence and literary elegance, his handy survey would be hard to match. It stands as a highly readable, well-informed and well-illustrated introduction to an extraordinarily rich and complex subject.

and its evaluation and appreciation constitute the foremost concern of all critics. It is the very lifeblood that nourishes the entire pictorial activity.

Although a full grasp of the notion would require reference to Chinese philosophy and cosmology, the aesthetic applications are of universal relevance. Here again the Chinese have analyzed more systematically and with greater depth a phenomenon Western artists were also aware of: that a painting must be inhabited by an inner coherence that underlies the painted forms and permeates the voids between the forms. In a sense this inner cohesion of the pictorial space also can be compared to that of an energy field: In a mediocre painting the painted forms are isolated from one another by inert intervals, but in a great



The Cleveland Museum of Art

painting, suffused with *qi*, the painted forms act like poles radiating energy across an animated emptiness. The French modern painter André Masson unwittingly gave one of the best definitions of the function of *qi* in his famous saying, "A great painting is a painting in which the intervals are loaded with as much energy as the figures that delimit them."

In Sartre's novel *La Nausée*, a good example of Western consciousness in its narrowest sense, there are two objects the sight of which arouses in Roquentin a feeling of existential absurdity to the point of physical nausea: a pebble polished by the waves, and the oddly shaped roots of an old tree. It is interesting to note that these are precisely the two types of objects that unfailingly used to bring Chinese artists and aesthetes into a state of *ekstasis*.

In order to dominate the world of nature, Western man separated himself from it. This conquering attitude toward the environment is well illustrated, for instance, in the Western classical garden—look at Versailles—where nature is being subjected, bent, raped, reduced, and cut to fit the geometry and design imposed by man. In this anthropocentric perspective, any natural pattern that does not come from a human hand and

does not reflect a human mind, in its mysterious sophistication and complexity acquires a threatening quality. The autonomy of the pattern challenges man's dominion; its enigmatic and self-contained meaning hints at man's absurdity.

The Chinese, on the contrary, deliberately renounced subduing the world of nature, so as to remain in communion with it. (Today, of course, the paradox is that the West, having gone all the way to the ultimate dead end, is discovering ecology and trying desperately to work out some kind of reconciliation with the environment, while the Chinese are espousing eagerly and indiscriminately some of the most disastrous of our earlier attitudes. Anyway, as far as mountains are concerned, the modern mood in Chi-

na seems attuned less to the mystical encounters recorded by the brush of the ancient masters, than to the exploits of climbing teams scaling Himalayan heights, with aggressive paraphernalia such as ice axes and national flags.)

IN CONTRAST TO ROQUENTIN, the *homo occidentalis extremus* who vomits in front of a stone with a shape and grain that would have enthralled any Chinese connoisseur, one is immediately reminded of the exemplary gesture of Mi Fu, the archetypical eleventh-century Chinese aesthete. Mi, arriving at his new administrative post, put on his court attire; but instead of first paying the customary courtesy call on the prefect, he went to render his homage to a nearby rock famous for its fantastic shape. (To this day, Mi Fu bowing to the stone remains a popular subject for painters.) For this spectacular initiative he suffered a setback in his official career, but in his gesture he eloquently reasserted for all times that, beyond and above social hierarchies and conventions, there is another set of priorities that suffers no compromise. The strange rock, untouched by human tools, bears in its form and pattern the direct imprint of the cosmic Creator, and as such sets the model and limit for all creative en-

deavors. The painter is the privileged interpreter who applies himself to deciphering and translating the mind of the universe as it is written in rocks and clouds, in the twists of the tree-branches, in the veins of the wood, in mists and waves . . .

The importance and prestige of painting in Chinese culture find no equivalent in any other civilization. By becoming an art of the calligraphic brush, painting became a preserve of the scholars and the literate gentry who constituted China's ruling elite. As a Song dynasty aesthete said, "One cannot think of an educated man who would not know painting, and one cannot think of an uneducated man who would." Emperors and monks, poets and statesmen, bohemian scholars and stern officials devoted themselves to this sublime pursuit. It was regarded not as a profession (to sell one's pictorial creations for a living was a disgrace and meant forsaking the lofty status of painter for the lowly condition of craftsman), but as a way of spiritual self-cultivation.

In order to understand the literally sacred character of this activity, one must realize that in it culminates the quest of the philosopher and the poet: It actually enacts what philosophy and poetry can merely point at—from the other side of the language gap, where they remain bound by words. The great Tang dynasty poet and painter Wang Wei ends a poem describing the search for wisdom:

*You ask what is the ultimate word
of philosophy?
The answer lies in the song of the
fisherman returning to shore.*

In fact, he was paraphrasing an earlier, more famous poem by Tao Yuanming who, evoking the contemplative life of the hermit, concluded:

*Plucking chrysanthemums by the hedge,
My eye meets faraway mountains;
The mountain air is best at sunset
When flocks of birds return.
All this is inhabited by Truth—
I wish to express it, yet find no words.*

Painting is the song of the fisherman returning to shore; painting is the plucking of chrysanthemums by the hedge while gazing at faraway mountains. The ecstatic experience of universal harmony which no discursive philosophy can reach, which even the poem can only hint at but not attain, escapes the mesh of words. To capture it is the privilege of the painter, whose art is also called *wu sheng shi*, "poem without words." □

F I L M

CRUISING, directed by William Friedkin.

AMERICAN GIGOLO, directed by Paul Schrader.

The lower depths

DIANE JACOBS

NOW THAT THE PICKET lines and the early, vituperative responses to William Friedkin's *Cruising* are things of the past, it would be comforting to discover that too much had been made of a minor setback for the gifted action director of *The French Connection* and *The Exorcist*. *Cruising's* gay "s & m" club setting is problematic, of course, but weren't the cries of homophobia and sadism a bit hysterical?

And what's to be made of the slurs, albeit milder, against Paul Schrader for his latest film, *American Gigolo*? Yes, he

DIANE JACOBS, *INQUIRY's* guest film reviewer, is the author of *Hollywood Renaissance*, recently published by Delta Books. Stephen Harvey is on vacation.

too invented a kinky, homosexual killer. Yes, his habit of mixing sleek images and gurgling, ominous soundtrack noise conveys a deep ambivalence about all sexuality. Still, Schrader's *Hardcore*, though flawed, was one of the most provocative films last year. Like Friedkin, this passionate young artist is an accomplished craftsman with original ideas, and there aren't that many of his sort at work in Hollywood today. Haven't Friedkin and Schrader earned the right to make a mistake now and then, much as *Bananas* and *Annie Hall* won Woody Allen the right to go out on a limb with *Interiors*?

Well, no. *Cruising* and *American Gigolo* go awry in ways that are more than wrong-headed. *American Gigolo* is not so much a wild indulgence as a confirmation of certain prejudices—against sex, for instance—which Schrader has displayed from the start, and *Cruising* finds a disturbed and oddly reticent sensibility at work. In one of *Cruising's* all-too-rare verbal exchanges, a half-naked, half-leather-and-chain-clad soul turns to his fellow leather-bar patron and truculently demands, "Why do you come here?" I can't help wondering the same about both Friedkin and Schrader.

With *Cruising*, Friedkin seems to have come merely to stare and then stare again. Sweaty, muscular men with pale, ravaged faces parade through the seedy,



throbbing gay bars in Manhattan's waterfront "s & m" district. Knives flash out of pockets. Sex is an assault. Music galvanizes; ropes hiss; abrupt encounters require only a yes, I'm interested, or a no, I don't do that. Friedkin can't take his eyes off this scene, which is ugly but also vivid. From the first juxtaposing shots of swarthy cops and tough cruisers, we see that something could come out of this inferno: a compelling thriller, a psychodrama, an allegory where super virile cop and super virile homosexual become one and the same. Unfortunately, Friedkin is either so mesmerized by his atmosphere or so terrified by his material that he lets almost nothing happen at all.

It's summer, and a vicious murderer is on the loose among the "cruising" set. He kills outside the bars, at the peep shows, in apartments, and wherever men drift in Central Park searching for partners. His victims, among them a Columbia University professor, all look alike—and resemble a certain heterosexual young cop, Al Pacino. Thus, the heretofore not especially ambitious Pacino character is asked to "disappear for a while" and play decoy. He'll have to move into a West Village apartment and assume the leather-and-chain guise of the other victims; but if he succeeds in luring the killer, a big promotion is in order. Pacino's eyes dart about when "Would you like to disappear for a while?" echoes in his ears, and he gets a pained look on his face when he sleeps with his girlfriend Nancy. That's all we know of Pacino before he starts his mission and all we're to learn for some time to come.

It's not especially surprising that Pacino takes an hour and five minutes of our time before coming up with his first clue, because sleuthing requires something *Cruising* is short on: talk. Pacino knits his brow a lot, but speaks with no one except a cherubic young homosexual from the apartment next-door. What he does during the day is anyone's guess, but Pacino spends his nights dutifully observing the "s & m" scene, wearing an inscrutable frown that turns to shock when anyone notices him. When Pacino does finally learn that a certain shady cruiser works for a restaurant that uses knives that match the murder weapon, his clue is, predictably, a red herring that gives the police a chance to beat up on an innocent suspect and thus attest to their own inhumanity.

From here on the plot moves faster, but with no less confusion. We learn that the real killer is a Columbia University

student who disappointed his strict dad. We hear that Pacino is having sexual problems with his girlfriend. (Homosexual inclinations? Disgust with sex altogether?) We get a respite from the "s & m" scene when Pacino discovers the killer uptown, eventually traps him, wounds him (purposely? in self-defense?), and turns him in. All over? No. In a kind of epilogue, Pacino's sweet homosexual neighbor is brutally murdered, and the intimation is that Pacino himself may be responsible.

ULTIMATELY, WHAT IS most reprehensible about *Cruising* is not its unremittingly fulsome vision of homosexuals and all humanity—offensive as this is—but its refusal to come out of the closet, so to speak. Friedkin hedges wherever he can. He suggests, for instance, that Pacino may be turning, *Rhinoceros*-like, into a vicious homosexual killer, that the devil of gayness may be taking over his heterosexual body, but he never comes out and says as much. Friedkin suggests that cruisers are scary people, but he never has them talk, never shows what they do during the day; in short, gives us no "redeeming" reason to watch them for the length of a feature film. And, most annoying, where Friedkin does employ a bit of character analysis—in the case of the murderer—it amounts to no more than cheap Freudianism.

Like the film itself, Pacino's performance is awkward and contradictory. Pacino looks the part, but the perennial grimace on his face gives us no idea of what he's feeling, and he delivers his few lines with a Serpico-like determination that belies his supposed identity crisis. Only the spacey eyes suggest this inner turmoil, which grows increasingly implausible, so that by the time Pacino bursts into his neighbor's apartment and attacks the butch roommate, we don't believe in his character at all.

The fault is not Pacino's. He's merely one unfortunate element in a muddled, badly assembled movie. Indeed, it's difficult to believe that the man who made the superbly paced *The French Connection* is responsible for the sloppy editing and the abrupt cuts here, the endless, gratuitous club scenes and the dialogues that are over in a flash. For all its bluster, all its wallowing in vileness, *Cruising* is a timid statement by a man who either got lost in his controversial material or, more likely I fear, was alarmed by where his instincts were taking him.

If Friedkin shies from confronting the brutal sexuality that intrigues him,

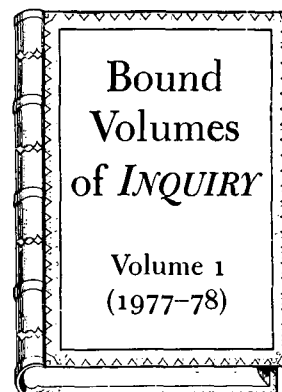
Schrader wags a moralist's finger at the sexuality he makes oh-so-seductive in *American Gigolo*. In their own way, Schrader's limpid images are just as reprehensible as Friedkin's uglinesses, though they're a lot easier to watch.

Starring Richard Gere as a high-class call boy, *American Gigolo* is set among the beautiful people in L.A.'s beautiful



places: around the country club pool, at the Beverly Hills Bar, and most of all, in nice beds. From his body to his clothes to the places he chooses to visit, Gere's is a comely world. He doesn't drink, doesn't take drugs, doesn't move too fast, doesn't lose his cool. Everything's smooth. Gere mingles with the best company, and has come to the point in his career where he can select his clien-

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tele (mainly rich older women).

How do you bring a guy like this down? There are a number of ways, and Schrader is not ashamed to employ them all. First, you have a politician's wife fall in love with him. Then you get him framed for murder. Then you have him turn to fast-fleeing, fair-weather



clients for help. Finally, you leave him so broken, so betrayed, so close to going to jail for life that when he walks down the street or drives his rented car (he's turned in his Mercedes because the police are after him), the guy can only hear menacing echoes and footstep noises as if through a microphone. Then, the erstwhile big shot will have no choice but to find humility, love, and redemption—rather like the hero of Robert Bresson's classic *Pickpocket*.

YES, SCHRADER, WHO HAS written perceptively about Bresson, here attempts a variation on *Pickpocket*. The fact that Schrader has neither Bresson's feeling for suffering nor his keen visual sense of the everyday is not *American Gigolo's* main problem. After all, Schrader has gifts of his own. The troubles here and, to a lesser extent,

in *Hardcore* are first, Schrader's simplistic vision of sexuality as insidiously corrupting, and second, his clumsy dialogue. In light of Schrader's prose and screenwriting background, the clumsiness is especially surprising, yet here are a few of the ridiculous things Gere tells lover Lauren Hutton: "I can't be possessed"; "Everything you need to know about me you can find out in this bed"; "All my life I've been looking for something . . . maybe you're what it is." Schrader's verbal skills and fine comic timing are apparent only in the few very funny scenes between Gere and the police detective.

In 1975 Hal Ashby's wonderfully wry *Shampoo* showed its gigolo's clientele to be as morally varied as most groups of people, but Schrader wants us to believe that Gere's women surrender their humanity when they sleep with him. For all its display of smooth skin, pretty faces, and occasional sex, there's not a single erotic moment in *American Gigolo*.

The women who loved Gere's body run from his bleeding soul when the chips are down; one, the client who could supply him with an alibi, won't do so. The only person in the world who stands by Gere is the politician's "pure" wife who, not coincidentally, prefers kissing Gere to sex. Thus, we have no choice but to presume that for Schrader sexual ties are always fragile and physical joys fleeting and superficial—puritanical conclusions, indeed.

Although it's far from his best performance to date, Gere is convincingly vain and naive as the gigolo; Hector Elizondo is a very amusing Detective Sunday and Lauren Hutton is slightly less wooden than usual in the role of Gere's great love. As with *Cruising*, the disappointments in *American Gigolo* are all the more acute because intelligence and talent are clearly at work, and all the more frustrating because they are not merely a matter of poor judgment or indulgence, but of moral sense. □

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